

1902 - Serving Our Community for over 115 Years - 2019
WEST BAY SANITARY DISTRICT
AGENDA OF BUSINESS
REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, MAY 22, 2019 AT 7:00 P.M.
RONALD W. SHEPHERD ADMINISTRATION BUILDING,
500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025

Board Members

Fran Dehn, President
George Otte, Secretary
Roy Thiele-Sardiña, Treasurer
David Walker, Member
Edward P. Moritz, Member

District Manager

Phil Scott

District Legal Counsel

Anthony Condotti, Esq.

AGENDA OF BUSINESS

NOTE: The Board may take action on any agenda item unless specifically designated a "discussion" item or a "report."

1. Call to Order and Roll Call
2. Communications from the Public
3. Consider Adoption of Resolution Authorizing Use of Appendix C of the Preliminary Official Statement In Connection with Issuance and Sale of Silicon Valley Clean Water 2019 Wastewater Revenue Notes, Approve Second Amendment to the Financing Agreement of 2008 to Facilitate the Execution and Delivery of the WIFIA Loan and Notes 2019, Approve the Ninth Supplement to the Joint Powers Agreement, and Approve the Form of a Continuing Disclosure Certificate to be Executed and Delivered By the District in Connection with the 2019 Notes Pg. 3-1
4. Consider to Approve a Resolution of the Board of the West Bay Sanitary District for the Issuance of up to \$64 Million of Solid Waste Enterprise Bonds to Refinance Outstanding Bonds of the South Bayside Waste Management Authority and to Finance Certain Improvements to the Solid Waste Management Facilities of the South Bayside Waste Management Authority Pg. 4-1
5. Consent Calendar
Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.
 - A. Approval of Minutes for Special meeting May 8, 2019 Pg. 5A-1
 - B. Approval of Minutes for Regular meeting May 8, 2019 Pg. 5B-1
 - C. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for May 22, 2019 Pg. 5C-1
 - D. Consider to Ratify and Approve Report on District's Investment Portfolio Including the Transactions of Assets Described Therein as of 4/30/19 Pg. 5D-1
 - E. Consideration of Resolution Authorizing President and Secretary of the District Board to Enter into Reimbursement Agreement Between TJB Investments LLC and the West Bay Sanitary District Pg. 5E-1
 - F. Consideration of Resolution Accepting Deed of Easement Pursuant to Class 3 Sewer Permit

No. 1064 for the Construction of Wastewater Facilities for 4111 Alpine Road, Portola Valley, California Pg. 5F-1

- G. Consideration of Resolution Accepting Deed of Easement Pursuant to Class 3 Sewer Permit No. 1081 for the Construction of Wastewater Facilities for 191 Meadowood Drive, Portola Valley, California Pg. 5G-1
 - H. Consideration of Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1081 for the Construction of Wastewater Facilities for 191 Meadowood Drive, Portola Valley, California Pg. 5H-1
 - I. Consider Resolution Authorizing the President and Secretary to Enter into Agreement Creating Covenants Running With the Land for 35 Sioux Way, Portola Valley Pg. 5I-1
- 6. Consideration of Adopting Resolution Honoring the Service of Liz Bahrami to the District Pg. 6-1
 - 7. Consideration of Adopting Resolution Honoring the Service of Peggy Daniels to the District Pg. 7-1
 - 8. District Manager's Report Pg. 8-1
 - 9. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status Pg. 9-1
 - 10. Report & Discussion on South Bayside Waste Management Authority (SBWMA) Pg. 10-1
 - 11. Report & Discussion on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing Pg. 11-1
 - 12. Closed Session:
 - A. CONFERENCE WITH LABOR NEGOTIATORS
(Pursuant to Cal. Govt. Code §54957.6) Agency designated representatives: District Manager, Legal Counsel, IEDA;
Employee Organization: Exempt Employees, Unrepresented Employees, & Teamsters Local 350
 - B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Cal. Govt. Code §54956.9(d)) Name of Case: *1740 Oak Avenue, LP v. West Bay Sanitary District, et al.* – SM CSC Case No. 18CIV02183
 - C. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation pursuant to Section 54956.9(d)(4): (1 potential case)
 - 13. Discussion of FY 2019-20 Proposed Budget Pg. 13-1
 - 14. Consideration to Approve Reorganization of Office Administration and Accept Classification, Compensation and Job Description for Personnel and Accounting Specialist Pg. 14-1
 - 15. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
 - 16. Adjournment

The West Bay Sanitary District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 321-0384 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.



WEST BAY SANITARY DISTRICT AGENDA ITEM 3

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: *Consider Adoption of Resolution Authorizing Use of Appendix C of the Preliminary Official Statement In Connection with Issuance and Sale of Silicon Valley Clean Water 2019 Wastewater Revenue Notes, Approve Second Amendment to the Financing Agreement of 2008 to Facilitate the Execution and Delivery of the WIFIA Loan and Notes 2019, Approve the Ninth Supplement to the Joint Powers Agreement, and Approve the Form of a Continuing Disclosure Certificate to be Executed and Delivered By the District in Connection with the 2019 Notes*

Purpose

Adoption of a Resolution authorizing the West Bay Sanitary District to obligate its Wastewater Enterprise to pay its allocable share of debt service on the Silicon Valley Clean Water (“SVCW”) 2019 Wastewater Revenue Notes (the “2019 Notes”) and the Water Infrastructure Finance and Innovation Act loan (the “WIFIA Loan”) and to approve certain specified documents below. In 2008 the District executed a Financing Agreement and Amended the Financing Agreement in 2014, with SVCW to pay for its allocable share of the capital expenditures and funding sources for the capital improvement program (the “CIP”) of SVCW. The District’s allocable share of principal amount is not to exceed \$70 million for the WIFIA Loan and not to exceed \$70 million for the 2019 Notes.

BACKGROUND

The District is a Member Agency of SVCW a joint powers authority created to, among other things, manage and operate wastewater treatment and disposal facilities for the City of Redwood City, the City of San Carlos, the City of Belmont and West Bay Sanitary District. SVCW is responsible for arranging funding for the wastewater treatment and disposal facilities.

SVCW launched a ten-year CIP in 2008 to address critical infrastructure needs, including rehabilitation of the Wastewater Treatment Plant and replacement of the conveyance system including the forcemain and related pump stations. SVCW has frequently updated the CIP, most recently in October, 2018, with the entire program currently estimated to cost approximately \$849.7 million from inception to completion.

To date, approximately \$330.9 million of the CIP has been spent on key projects, including the replacement of leaking sections of forcemain, upgrades to electrical systems, improvements to solids-handling processes, installation of cogeneration solutions, and construction of influent screens. Demonstrable benefits of these projects include enhanced safety, less environmental risk, improved reliability of treatment operations, and reduced electricity costs.

SVCW has begun construction of the Regional Environmental Sewage Conveyance Upgrade Project (the "RESCU Project"), the largest phase of the CIP. The RESCU Program includes construction of a 3.2-mile gravity pipeline to replace an aging pipeline system that is at the end of its expected useful life. Other RESCU elements include a headworks facility and four pump stations. The total estimated cost of RESCU is approximately \$423.8 million.

The RESCU Project will be delivered using a progressive design-build method and SVCW entered into construction agreements for the Front-of-Plant in the summer of 2018, the Gravity Pipeline Tunnel in November 2018, and most recently the Pump Station Improvements in February 2019. Approximately \$56 million (as of January 2019) has already been spent for planning, design, and construction of RESCU.

ANALYSIS

In accordance with the 2019 update of its Long-Range Finance Plan ("LRFP"), SVCW strives to obtain the lowest-cost financing available through government-subsidized loan programs. To date, this has included three State Revolving Fund ("SRF") loans with initial funding totaling \$57 million. More recently, SVCW was accepted to apply to the United States Environmental Protection Agency ("EPA") seeking an approximately \$253.5 million loan through the Water Infrastructure Finance and Innovation Act ("WIFIA") program to finance a significant portion of the RESCU Project. The WIFIA Loan will fund up to 49% of eligible project costs at an interest rate equal to the corresponding US Treasury State and Local Government Series interest rate that is equal to the weighted average life of the WIFIA Loan plus one basis point (0.01%). The WIFIA Loan program offers flexible amortization with customized repayment schedules, if requested and approved, including repayment period up to 35 years after substantial completion of project and prepayment (\$1 million minimum) at any time without penalty.

The WIFIA Loan permits SVCW to use its proceeds to either (i) fund the construction of the RESCU Project or (ii) retire interim funding that is used to fund the construction of the RESCU Project. This feature permits SVCW to issue short-term tax-exempt obligations (the 2019 Notes) to fund the RESCU Project which can then be retired at maturity with proceeds from the WIFIA Loan.

The 2019 Notes proceeds would be used during construction in lieu of drawing from the WIFIA Loan to fund approximately \$236.4 million of the RESCU Project construction through March of 2023 at an estimated true interest cost of approximately 1.60% based upon current market conditions, (rather than the higher taxable WIFIA Loan interest rate

(estimated at ~2.86% based on current market conditions). The 2019 Notes will be sized to equal the WIFIA Loan and, once construction is complete, SVCW would use the WIFIA Loan proceeds to take-out the interim notes at maturity. The 2019 Notes as currently structured provide funds and earnings thereon to pay interest through their final maturity.

All four members (the City of Redwood City, West Bay Sanitary District, the City of San Carlos and the City of Belmont, together the "Members") intend to jointly participate in the WIFIA Loan and the 2019 Notes based on the respective capital percentage allocation. Proceeds from the 2019 Notes will be not to exceed approximately \$253.54 million (proceeds will fund approximately \$236.4 million of construction funds, capitalized interest and costs of issuing the notes). On May 20, 2019, the SVCW Commission is expected to adopt a resolution approving the same 2019 Notes and the WIFIA Loan structure now being considered by the Members.

The current financing schedule highlighting key activities and participation is below:

- April, 2019: SVCW and Member Finance Staff participate in Credit reviews
- May, 2019: SVCW Commission, Member Councils/Boards adopt resolutions.
- June, 2019: Close WIFIA Loan and Pricing of 2019 Notes
- July, 2019: Closing documents, Funds delivered

The proposed resolution approves Appendix C to the SVCW Preliminary Official Statement for the 2019 Notes in substantially final form and authorizes specific individuals to take certain actions and execute documentation to facilitate the sale and closing of the 2019 Notes. The Preliminary Official Statement is the disclosure document that will be used by SVCW to sell the 2019 Notes. Appendix C is the portion of the Preliminary Official Statement directly related to the West Bay Sanitary District which will be disclosed to potential investors regarding the 2019 Notes. In order to provide interim financing and delivery of the WIFIA Loan, the District Staff recommends the approval a Ninth Supplement to the Joint Powers Agreement and [an amendment to] the Financing Agreement to facilitate the execution and delivery of the WIFIA Loan and the issuance of the 2019 Notes.

The District Manager recommends approval of the resolution to authorize the District to approve Appendix C to the POS, the amendment to the Joint Powers Agreement, the Financing Agreement to participate in the SVCW 2019 Note issue and WIFIA Loan and execute necessary documentation as outlined above.

FINANCIAL IMPACT

Issuance of approximately \$253.54 million in 2019 Notes will not increase annual debt service for the Members. The WIFIA Loan will increase annual debt service for the Authority by an estimated \$3.64 million per year, assuming the 2019 Notes are taken out by a WIFIA Loan that is amortized over a 31 year period with final maturity in FY 2058.

RECOMMENDATION

The District Manager recommends the Board consider adoption of RESOLUTION OF THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT AUTHORIZING:

1. THE USE OF APPENDIX C OF THE PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH ISSUANCE AND SALE OF SILICON VALLEY CLEAN WATER 2019 WASTEWATER REVENUE NOTES TO PROVIDE ADDITIONAL FINANCING FOR WASTEWATER TREATMENT PROJECTS
2. APPROVE SECOND AMENDMENT TO THE FINANCING AGREEMENT TO FACILITATE THE EXECUTION AND DELIVERY OF THE WIFIA LOAN AND 2019 NOTES
3. APPROVE THE NINTH SUPPLEMENT TO THE JOINT POWERS AGREEMENT
4. APPROVE A CONTINUING DISCLOSURE CERTIFICATE TO BE EXECUTED AND DELIVERED BY THE DISTRICT IN CONNECTION WITH THE 2019 NOTES.

RESOLUTION NO. ____ - ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST BAY SANITARY DISTRICT AUTHORIZING EXECUTION AND DELIVERY OF SUPPLEMENT IX TO JOINT POWERS AGREEMENT AND SECOND AMENDMENT TO FINANCING AGREEMENT WITH SILICON VALLEY CLEAN WATER RELATING TO A WIFIA LOAN AGREEMENT AND REVENUE NOTES AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

WHEREAS, in order to provide for the transmission, treatment and disposal of wastewater, the City of Belmont, the City of Redwood City, the City of San Carlos and the West Bay Sanitary District (collectively, the “Members”) have previously entered into a Joint Exercise of Powers Agreement, dated as of November 13, 1975, as amended to the date hereof (as amended, the “Joint Powers Agreement”), under which Silicon Valley Clean Water (formerly known as the South Bayside System Authority) has been organized as a joint powers authority (the “Authority”), which is a public entity separate and apart from the Members; and

WHEREAS, under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related conveyance facilities which serve the Members (the “Project), and in order to provide financing for the Project the Authority has previously issued multiple series of its Wastewater Revenue Bonds and the West Bay Sanitary District (the “District”) has entered into a financing agreement, as amended to the date hereof (the “Original Financing Agreement”), with respect to such bond issues; and

WHEREAS, in order to provide funds to finance and refinance additions to the Project, the Authority is proposing to execute and deliver a loan agreement with the United States Environmental Protection Agency, as WIFIA lender (the “WIFIA Loan Agreement”), for a loan under the authority of the Water Infrastructure Finance and Innovation Act (the “WIFIA Loan”); and

WHEREAS, in order to provide interim financing for additions to the Project, the Authority is proposing to issue notes prior to the draw on the WIFIA Loan by the Authority; and

WHEREAS, under the Joint Powers Agreement, the Members are obligated to pay their allocable share of debt service on the WIFIA Loan and, prior to the draw on the WIFIA Loan, the notes, as such allocable shares are determined in accordance with the provisions of the Joint Powers Agreement; and

WHEREAS, the Authority has requested that the District enter into a second amendment, set forth in Exhibit A attached to this Resolution, to the Original Financing Agreement (the “Second Amendment to Financing Agreement, and, together with the Original Financing Agreement, the “Financing Agreement”) in order to facilitate the delivery of the WIFIA Loan and, prior to the draw on the WIFIA Loan, the notes, and to provide that the City’s allocated share of debt service on the notes will be paid on a subordinate basis to the payments with respect to the Authority’s outstanding bonds and the WIFIA Loan; and

WHEREAS, this Board of Directors (the “Board of Directors”) desires to approve a Ninth Supplement to the Joint Powers Agreement, dated as of May 1, 2019 set forth in Exhibit B attached to

this Resolution, by and among the District and the other Members (the “Ninth Supplement to the Joint Powers Agreement”) to clarify certain provisions thereof relating to the WIFIA Loan and, prior to the draw on the WIFIA Loan, the notes; and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the Financing Agreement is set forth in Exhibit C attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, this Board of Directors wishes to approve the Second Amendment to Financing Agreement, and related documents and actions, in furtherance of the public purposes of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the West Bay Sanitary District, California, as follows:

Section 1. Amendment to the Joint Powers Agreement. The Ninth Supplement to the Joint Powers Agreement is hereby approved substantially in the form attached hereto as Exhibit B, to which copy reference is hereby made for the full particulars thereof, and the President, the Treasurer or the District Manager are each hereby authorized and directed to execute said amendment and the Secretary is hereby authorized and directed to attest thereto, for and on behalf of the District.

Section 2. Execution and Delivery of WIFIA Loan Agreement and the Issuance of the Notes. The Board of Directors hereby consents to the execution and delivery of the WIFIA Loan Agreement by the Authority to provide additional financing for the Project and the issuance of the notes by the Authority for the purpose of providing interim financing for the Project; provided however, that the principal amount of the WIFIA Loan and the principal amount of the notes allocated to the District, in each case, shall not exceed \$70 million.

Section 3. Approval of Second Amendment to Financing Agreement. The Board of Directors hereby approves the Second Amendment to Financing Agreement between the Authority and the District in substantially in the form attached hereto as Exhibit A, to which copy reference is hereby made for the full particulars thereof, and the President, the Treasurer or the District Manager are each hereby authorized and directed to execute said amendment and the Secretary is hereby authorized and directed to attest thereto, for and on behalf of the District.

Section 4. District Portion of Official Statement. The Board of Directors hereby approves the preparation and distribution of Appendix C to the Preliminary Official Statement for the notes (the “Preliminary Official Statement”), which contains information relating to the District and in the forepart of the Preliminary Official Statement under the caption “CERTAIN PARTICIPATING MEMBER RISK FACTORS,” excluding, however, any information under such caption which pertains specifically to another Member (together the “District Portion”), in substantially the form on file with the Secretary, is hereby approved, subject to final approval as to form by Bond Counsel to the Authority. The District Manager or the Secretary are each hereby authorized to execute a certificate pursuant to Rule 15c2-12 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”), relating to the District Portion of the Preliminary Official Statement. The District Manager or the Secretary are each hereby authorized and directed to approve any changes in or additions to the portions of the final Official Statement which relate to the District. The District Manager or the Secretary are each hereby authorized and directed to approve and deliver the District Portion of the Official Statement for the notes (the “Official Statement”) in substantially the form provided for the Preliminary Official Statement, with such changes, insertions and omissions as may

be approved by such officers. The District Manager or the Secretary are each authorized and directed to execute and deliver a certificate to the Authority pursuant to Rule 10b-5 promulgated under the Exchange Act, with respect to the District Portion of the Official Statement.

Section 5. Approval of Continuing Disclosure Certificate. The Board of Directors hereby approves the form of the Continuing Disclosure Certificate to be delivered by the District with respect to the notes, in the form on file with the Secretary together with any modifications thereof as may be approved by the District Manager or the Secretary, whose execution thereof shall be conclusive evidence of the approval of any such modifications. The District Manager and the Secretary are each hereby authorized and directed to execute the final form of the Continuing Disclosure Certificate for and on behalf of the District.

Section 6. Approval of Closing Documents. The President, the District Manager, the Treasurer and the Secretary and their duly authorized deputies, designees or agents are each hereby authorized and directed, in their respective official capacities, to execute or attest thereto, any and all closing certificates which are necessary or appropriate to effectuate the purposes of the Financing Agreement, the execution and delivery of the WIFIA Loan Agreement and the issuance and sale of the notes by the Authority.

Section 7. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

I hereby certify that the foregoing Resolution was passed and adopted by the Board of Directors of the West Bay Sanitary District at a regular meeting thereof duly held on May 22, 2019, by a vote of a majority of its members.

AYES:

NOES:

ABSENT:

ABSTAIN:

President of the District Board of the
West Bay Sanitary District of San
Mateo County, State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

EXHIBIT A
FORM OF SECOND AMENDMENT TO FINANCING AGREEMENT

EXHIBIT B
FORM OF NINTH SUPPLEMENT TO JOINT POWERS AGREEMENT

EXHIBIT C
GOOD FAITH ESTIMATES PURSUANT TO
GOVERNMENT CODE SECTION 5852.1

SECOND AMENDMENT TO FINANCING AGREEMENT

This SECOND AMENDMENT TO FINANCING AGREEMENT (this “Second Amendment”), dated as of May 1, 2019, is between SILICON VALLEY CLEAN WATER, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “Authority”), and the WEST BAY SANITARY DISTRICT, a sanitary district duly organized and existing under the laws of the State of California (the “District”), and further amends in part, the Financing Agreement dated as of December 1, 2008 (the “Original Financing Agreement”), as amended by the First Amendment to Financing Agreement dated as of March 20, 2014 (the “First Amendment”), each by and between the Authority and the District (collectively, the “Financing Agreement”).

BACKGROUND:

1. In order to provide for the transmission, treatment and disposal of wastewater, the cities of Belmont, Redwood City and San Carlos and the West Bay Sanitary District (collectively, the “Members”) have previously entered into a Joint Exercise of Powers Agreement dated as of November 13, 1975, as amended and as it may be further amended from time to time (the “Joint Powers Agreement”), under which the Authority has been organized as a joint powers authority which is a public entity separate and apart from the Members.

2. Under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related conveyance facilities which serve the Members, and the Commission of the Authority has approved a 10-Year Capital Improvement Program for the construction of improvements to such plant and facilities, including the Regional Environmental Sewer Conveyance Upgrade Program (the “WIFIA Project,” which is referred to in the WIFIA Loan Agreement (defined below) as the Project).

3. In order to provide financing for such Project, the Authority (and previously, under its former name of the “South Bayside System Authority”) has issued bonds and incurred other obligations from time-to-time.

4. In order to provide funding for the WIFIA Project, the Authority has authorized the execution and delivery of a WIFIA Loan Agreement (the “WIFIA Loan Agreement”) with the United States Environmental Protection Agency, acting by and through its administrator (“EPA”), as WIFIA lender (the “WIFIA Lender”) for a loan (the “WIFIA Loan”) to be made by the EPA under the authority of the Water Infrastructure Finance and Innovation Act and the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”).

5. In order to provide interim financing for the WIFIA Project prior to drawing on the WIFIA Loan, the Authority has authorized the issuance and sale of notes under the provisions of the Act (the “2019 Notes” and together with the WIFIA Loan, the “WIFIA Financing Program”) under an Indenture of Trust dated as of May 1, 2019 (the “2019 Bond Indenture”), between the Authority and Zions Bank, a Division of ZB, National Association, as trustee and the Authority expects to repay the 2019 Notes at maturity from a draw on the WIFIA Loan.

6. Under the Joint Powers Agreement, the Members are obligated to pay their allocable share of debt service on bonds and other obligations issued or incurred by the Authority

to finance and refinance the Project as such allocable shares are determined in accordance with the existing provisions of the Joint Powers Agreement.

7. In order to provide security for bonds and other obligations issued or incurred by the Authority to provide financing for the Project, the District and the Authority have previously entered into the Original Financing Agreement, as amended by the First Amendment.

8. The Authority and the District wish to enter into this Second Amendment to amend certain provisions of the Financing Agreement, and to amend certain other provisions of the Financing Agreement as set forth in Exhibit A hereto which shall apply solely to the WIFIA Loan and the WIFIA Lender.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Authority formally agree as follows:

Section 1. Definitions. All capitalized terms used in this Second Amendment and not defined herein shall have the respective meanings given such terms in the Original Financing Agreement, as amended by the First Amendment.

Section 2. WIFIA Financing Program. The District and the Authority hereby agree that the WIFIA Loan and the 2019 Notes shall each constitute Bonds under the Financing Agreement and that the District's Allocable Share of the WIFIA Loan shall be payable from SBSA Bond Payments secured by a first lien and pledge on the Net Revenues and that the District's Allocable Share of the 2019 Notes shall be payable from SBSA Bond Payments secured by a second lien and subordinate pledge on the Net Revenues.

Section 3. Amendments to Definitions and Additional Definitions.

(a) The definition of "Allocable Share," as set forth in the Financing Agreement is hereby amended and restated in its entirety to read as follows:

“Allocable Share” means, with respect to any Bonds, the portion of the Bond Interest and Redemption Expenses and other fees and payments relating to such Bonds which are allocated to the District. The Authority and the District agree that the Allocable Share with respect to the WIFIA Loan (reflective of Belmont's decision not to fully participate) shall not exceed 28.43%.”

(b) The following definition of "Annual Debt Service" is hereby added to Appendix A of the Financing Agreement, to become effective immediately as to the calculations with respect to Subordinate Debt set forth in Section 8(d) but shall not become effective as to the calculations with respect to Parity Debt set forth in Section 8(a) and (b) until such date that the SBSA Bond Payments with respect to the following Bonds are paid or prepaid in full: 2009 Wastewater Revenue Bonds, 2014 Wastewater Revenue Bonds, 2015 Wastewater Revenue Bonds and 2018 Wastewater Revenue Bonds.

“Annual Debt Service” means:

(a) the amount of principal of and interest and premium (if any) on all outstanding Parity Debt coming due and payable by their terms in such Fiscal Year (but excluding Excluded Principal); and

(b) the amount of principal of and interest and premium (if any) on all outstanding Subordinate Debt coming due and payable by their terms in such Fiscal Year (but excluding Excluded Principal);

provided that with respect to such Parity Debt or Subordinate Debt, as the case may be:

(1) for obligations bearing or comprising interest at other than a fixed rate, the rate of interest on such obligations used shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of (i) the then current variable interest rate borne by such obligations, plus 1%, and (ii) if such obligations have been outstanding for at least twelve months, the average rate on such obligations over the twelve months immediately preceding the date of calculation, or if such obligations have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the obligations to be incurred;

(2) if any of such obligations have twenty-five percent (25%) or more of the aggregate principal amount due in any one year, Annual Debt Service shall be determined for the period of determination as if the principal of and interest and premium (if any) on, such obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation and if such obligations bear or comprise interest at other than a fixed rate, the rate of interest used shall be determined in accordance with subparagraph (1) above;

(3) as to any obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Annual Debt Service; and

(4) the amount on deposit in a debt service reserve fund on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of the obligations for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

(c) the amounts of SBSA Bond Payments coming due and payable in such Fiscal Year (but excluding Excluded Principal).”

(c) The definition of “Bonds,” as set forth in the Financing Agreement (including the third recital and in Appendix A thereto) is hereby amended and restated in its entirety to read as follows:

“Bonds” means any bonds, notes, loans, or other obligations issued or incurred by the Authority in accordance with the Joint Powers Agreement to finance or refinance the Project which are expressly secured by SBSA Bond Payments, but excluding any loan made to the Authority by the State Water Resources Control Board under its revolving loan program.”

(d) The following definition of “Excluded Principal” is hereby added to Appendix A of the Financing Agreement to become effective immediately as to the calculations with respect to Subordinate Debt set forth in Section 8(d) but shall not become effective as to the calculations with respect to Parity Debt set forth in Section 8(a) and (b) until such date that the SBSA Bond Payments with respect to the following Bonds are paid or prepaid in full: 2009 Wastewater Revenue Bonds, 2014 Wastewater Revenue Bonds, 2015 Wastewater Revenue Bonds and 2018 Wastewater Revenue Bonds:

““Excluded Principal” means each payment of principal of any obligation for which there is on file with the Authority and each trustee for Parity Debt and Subordinate Debt (i) a certificate of a municipal advisor to the effect that such obligation is commercial paper or otherwise of a revolving nature and has a maturity of not more than 60 months and does not require periodic repayment of principal or (ii) a certificate of municipal advisor that the District intends to pay such principal from the proceeds of bonds, notes or other obligations or other moneys other than Net Revenues. No such determination shall affect the security for such obligations or the obligation of the District to pay such obligations from Net Revenues.”

(e) The definition of “Maximum Annual Debt Service” in Appendix A of the Financing Agreement is hereby amended and restated in its entirety to read as follows to become effective immediately as to the calculations with respect to Subordinate Debt set forth in Section 8(d) but shall not become effective as to the calculations with respect to Parity Debt set forth in Section 8(a) and (b) until such date that the SBSA Bond Payments with respect to the following Bonds are paid or prepaid in full: 2009 Wastewater Revenue Bonds, 2014 Wastewater Revenue Bonds, 2015 Wastewater Revenue Bonds and 2018 Wastewater Revenue Bonds:

““Maximum Annual Debt Service” means, (a) with respect to Parity Debt, as of the date of any calculation, the largest Annual Debt Service (provided, however, that only the SBSA Bond Payments secured by a first lien on Net Revenues shall be used for such calculation) for the current or any future Fiscal Year; and (b) with respect to Subordinate Debt, as of the date of any calculation, the largest Annual Debt Service (provided, however, that only the SBSA Bond Payments secured by a second lien on Net Revenues shall be used for such calculation) for the current or any future Fiscal Year.”

(f) The definition of “Operation and Maintenance Costs” in Appendix A of the Financing Agreement is hereby amended and restated in its entirety to read as follows:

““Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Wastewater System, determined in accordance with generally accepted accounting principles, including but not limited to (a) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, (b) amounts payable for operation and maintenance under the Joint Powers Agreement, and (c) all administrative costs of

the District that are charged directly or apportioned to the operation of the Wastewater System, such as the portion of salaries and wages of employees, overhead, taxes (if any) and insurance premiums allocable to the Wastewater System. "Operation and Maintenance Costs" do not include (i) payments of debt service on bonds, notes or other obligations issued by the District with respect to the Wastewater System, (ii) payments made by the District under the Joint Powers Agreement in respect of debt service on notes, bonds or other obligations issued by the Authority to finance the Project, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature."

(g) The definition of "Parity Debt" in Appendix A of the Financing Agreement is hereby amended and restated in its entirety to read as follows:

"Parity Debt" means the West Bay SRF Loan and any additional bonds, notes, loans, leases, installment sale agreements or other obligations of the District payable from and secured by a pledge of and first lien upon the Net Revenues, entered into or issued in accordance with Section 8(a) through (c). The term "Parity Debt" does not apply to any obligations of the Authority which are payable to the California State Water Resources Control Board or any other financial institution, which are not secured by a pledge of and lien upon the Net Revenues."

(h) The following definition of "Subordinate Debt" is hereby added to Appendix A of the Financing Agreement:

"Subordinate Debt" means any additional bonds, notes, loans, leases, installment sale agreements or other obligations of the District payable from and secured by a subordinate pledge of and second lien upon any of the Net Revenues, entered into or issued in accordance with Section 8(d)."

(i) The following definition of "Subordinate Debt Documents" is hereby added to Appendix A of the Financing Agreement:

"Subordinate Debt Documents" means, collectively, the indenture of trust, trust agreement, loan agreement, installment sale agreement, financing agreement or other document authorizing the issuance of any Subordinate Debt, each as amended, amended and restated or otherwise modified from time to time."

(j) The definition of "Unencumbered Fund Balance," as set forth in the Financing Agreement is hereby amended and restated in its entirety to read as follows:

"Unencumbered Fund Balance" means, for any Fiscal Year, the balance of Net Revenues remaining on deposit in the Wastewater Fund and any rate stabilization fund related to the Wastewater System established by the District as of the last day of such Fiscal Year, as shown on the books of the District, which may lawfully be used to pay the SBSA Bond Payments. The amount of the Unencumbered Fund Balance as of the last day of any Fiscal Year does not include any funds which the District determines will be required for payment of the SBSA Bond Payments or the principal of, and interest and premium (if any) on, any Parity Debt during the next six months."

(k) The following definition of "West Bay SRF Loan" is hereby added to Appendix A of the Financing Agreement:

“West Bay SRF Loan” means the Installment Sale Agreement and Grant dated as of October 24, 2016 (Agreement No. D16-01018) by and between the District and the California State Water Resources Control Board, as amended to the date hereof.

Section 4. Amendments to Section 4 of the Financing Agreement. (a) Sections 4(b) and (d) of the Financing Agreement are hereby amended and restated in their entirety as follows:

“(b) the SBSA Bond Payments with a pledge of and first lien on Net Revenues and all payments of principal of and interest and premium (if any) on outstanding Parity Debt;”

(d) the SBSA Bond Payments with a subordinate pledge of and second lien on Net Revenues.”

(b) The following is hereby added as subsection (e) of Section 4 of the Financing Agreement.

“(e) any other lawful purposes of the Wastewater System, including, but not limited to payment of all payments of principal of and interest and premium (if any) on outstanding Subordinate Debt.”

(c) The last sentence of the last paragraph of Section 4 of the Financing Agreement is hereby amended and restated as follows:

“So long as the District is not in default in the payment of the SBSA Bond Payments or the payment of principal of and interest and premium (if any) on, outstanding Parity Debt and Subordinate Debt, the District may use and apply amounts in the Wastewater Fund for (i) the payment of any subordinate obligations or any unsecured obligations related to the Wastewater System, (ii) the acquisition and construction of improvements to the Wastewater System, (iii) the establishment of a rate stabilization fund related to the Wastewater System, or (iv) any other lawful purposes of the Wastewater System.”

Section 5. Amendment to Section 6 of the Financing Agreement. The following shall be added as subsection (c) of Section 6 of the Financing Agreement:

“(c) Treatment of Subordinate Debt for Rate Covenant Calculations. Debt service on Subordinate Debt and SBSA Bond Payments which have a subordinate pledge of and second lien on Net Revenues and any debt issued pursuant to Section 9 shall be included for purposes of the calculations set forth in Section 6(a). Debt service on Subordinate Debt and SBSA Bond Payments which have a subordinate pledge of and second lien on Net Revenues and any debt issued pursuant to Section 9 shall not be included in the calculations set forth in Section 6(b).”

Section 6. Amendments to Section 8 of the Financing Agreement. (a) The first clause of Section 8 is hereby amended and restated in its entirety to read as follows:

“**Issuance of Parity Debt and Subordinate Debt.** The District may issue Parity Debt upon satisfaction of the conditions set forth in subsections (a) through

(c) below and may issue Subordinate Debt upon satisfaction of the conditions set forth in subsection (d) below:"

(b) Subsection (c) of Section 8 of the Financing Agreement is hereby amended and restated as follows:

"(c) The District shall comply with all conditions to the issuance of Parity Debt as set forth in the Parity Debt Documents."

(c) The following is hereby added as Subsection (d) of Section 8 of the Financing Agreement:

"(d) The District may issue Subordinate Debt, which is payable from and secured by a subordinate pledge of and second lien on the Net Revenues, upon satisfaction of the following conditions: (a) the District is not then in default in the payment of any SBSA Bond Payments or in the payment of principal of, or interest and premium (if any) on, any Parity Debt or any Subordinate Debt; (b) the amount of Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the latest Fiscal Year for which audited financial statements are available, or as shown by the books of the District for any more recent 12-month period selected by the District, after taking into account any adjustments set forth in Section 8(b)(i) and (ii) above, and after the payment of all SBSA Bond Payments which have a first lien on Net Revenues and payments in respect of Parity Debt, are at least equal to 110% of the amount of Maximum Annual Debt Service on outstanding Subordinate Debt and any debt issued as permitted by Section 9; and (c) the District shall comply with all conditions to the issuance of Subordinate Debt as set forth in the Subordinate Debt Documents."

Section 7. Amendment to Section 9 of the Financing Agreement. Section 9 of the Financing Agreement is hereby amended and restated in its entirety to read as follows:

"Issuance of Debt Subordinate to the Lien of this Agreement and Unsecured Debt. Nothing in Section 7, Section 8 or Section 9 limits or affects the ability of the District to issue or incur obligations of the Wastewater System which are unsecured or which are secured by an interest which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder with respect to the SBSA Bond Payments for the 2019 Notes."

Section 8. Amendment to Section 14 of the Financing Agreement. Section 14 of the Financing Agreement is hereby amended by adding the following sentence as the last sentence thereof:

"This Agreement may only be amended by a written instrument duly authorized and executed by the Authority and the District."

Section 9. Amendment to Section 16 of the Financing Agreement. Section 16 of the Financing Agreement is amended and restated as follows:

"Binding Effect. This Agreement inures to the benefit of and is binding upon the Authority, the District and their respective successors and assigns."

Section 10. Provisions of the Financing Agreement in Effect. Except as expressly modified herein, all of the provisions of the Financing Agreement shall remain in full force and effect.

Section 11. Governing Law. This Second Amendment shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

Section 12. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Second Amendment shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Second Amendment. The parties hereby declare that they each would have entered into this Second Amendment and each and every other section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Second Amendment may be held illegal, invalid or unenforceable.

Section 13. Execution in Counterparts. This Second Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the District have caused this Second Amendment to be executed in their respective names by their duly authorized officers, all as of the date first above written.

SILICON VALLEY CLEAN WATER

By _____
Manager

ATTEST:

By _____
Chief Financial Officer

WEST BAY SANITARY DISTRICT

By _____
District Manager

ATTEST:

By _____
Secretary

EXHIBIT A

AMENDMENTS APPLICABLE ONLY TO THE WIFIA LOAN AND THE WIFIA LENDER

Amendment to Definition of “SBSA Bond Payments.” Solely with respect the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that the definition of “SBSA Bond Payments” in the Financing Agreement is amended and restated as follows:

“SBSA Bond Payments” means the amounts paid or payable by the District under this Agreement representing payments of principal of, and interest and premium (if any) on, the Allocable Share of the Bonds.”

Amendment to Definition of “Bond Trustee.” Solely with respect the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that the definition of “Bond Trustee” in the Financing Agreement is amended and restated as follows:

“Bond Trustee” means, with respect to any series of Bonds, the entity which acts as trustee or fiscal agent for such Bonds, and with respect to the WIFIA Loan, the entity which acts as paying agent for the WIFIA Loan.”

Amendment to Section 3(e) of the Financing Agreement. Solely with respect the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that the following shall be added to Section 3(e):

“The Authority hereby directs the District to pay the SBSA Bond Payments for the WIFIA Loan directly to the Bond Trustee, in its capacity as paying agent for the WIFIA Loan, to be applied by the Bond Trustee solely to repay the WIFIA Loan. The WIFIA Lender may charge certain fees and expenses and default interest, if any, to the Authority under the WIFIA Loan Agreement. The District and the Authority acknowledge that the District’s Allocable Share of such fees and expenses will be charged by the Authority to the District in accordance with the Joint Powers Agreement. Any prepayment by the District of all or a portion of its Allocable Share of the WIFIA Loan shall be reflected in a revision to the Payment Schedule for the WIFIA Loan.”

Amendments to Section 5 of the Financing Agreement. Solely with respect the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that the second paragraph of Section 5 of the Financing Agreement is amended and restated as follows:

“The obligations of the District to pay the SBSA Bond Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority of any obligation to the District or otherwise with respect to the Wastewater System, the WIFIA Project, the Authority’s wastewater system or the Authority’s 10-Year Capital Improvement Program, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Authority. Until all of the SBSA Bond Payments are fully paid or prepaid, the District will (a) not suspend or discontinue payment of any SBSA Bond Payments, (b) perform and observe all other agreements contained in this Agreement, and (c) not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Wastewater System, the WIFIA Project or the Authority’s wastewater system, failure to complete the acquisition and construction of the WIFIA Project by the estimated completion date thereof, sale

of the Wastewater System, the taking by eminent domain of title to or temporary use of any component of the Wastewater System, the WIFIA Project or the Authority's wastewater system, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, the WIFIA Loan Agreement, this Agreement, or any other agreement or contract."

Amendment to Section 6(a) and (b) of the Financing Agreement. Solely with respect to the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that Section 6(a) and (b) of the Financing Agreement is amended and restated as follows:

"(a) Gross Revenue Covenant. The District shall fix, prescribe, maintain, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay all obligations of the District which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues in such Fiscal Year, including all SBSA Bond Payments, payments of principal of, and interest and premium (if any) on Parity Debt and Subordinate Debt, and any debt issued pursuant to Section 9.

(b) Net Revenue Covenant. In addition, the District shall fix, prescribe, maintain, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 120% of the SBSA Bond Payments and payments of principal of and interest and premium (if any), on Parity Debt coming due in such Fiscal Year. The amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year shall be credited towards the District's obligations under this subsection (b), in an amount not to exceed 20% of the SBSA Bond Payments and payments of principal of and interest and premium (if any) on Parity Debt referred to in the preceding sentence."

Amendment to Section 8 of the Financing Agreement. Solely with respect to the WIFIA Loan and the WIFIA Lender, the Authority and the City hereby agree that Section 8(b)(iii) of the Financing Agreement is deleted in its entirety.

Amendment to Section 11 of the Financing Agreement. Solely with respect to the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that Section 11 of the Financing Agreement is amended and restated as follows:

"The District shall keep proper books of record and accounts of the Wastewater System and the Wastewater Fund in which complete and correct entries are made of all transactions relating to the Wastewater System or the Wastewater Fund. Said books shall, upon prior written request, be subject to the reasonable inspection of the Authority, the Bond Trustee, the WIFIA Lender or their representatives authorized in writing, upon not less than two business days' prior notice to the District. The District shall cause the books and accounts of the Wastewater System to be, audited annually by an Independent Accountant not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Authority, the Bond Trustee and the WIFIA Lender. Such report may be part of a combined financial audit or report covering all or part of the District's finances."

Amendments to Section 13 of the Financing Agreement. (a) Solely with respect the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that the first paragraph of Section 13 of the Financing Agreement is hereby amended and restated as follows:

“The District agrees that it will execute and deliver any and all such closing certificates, agreements, instruments or other assurances, and shall provide such other reports, documents and financial information, as may be reasonably requested by the Authority to complete the WIFIA Financing Program. Without limiting the generality of the foregoing, the District agrees to:”

(b) Solely with respect the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that the first paragraph of Section 13 of the Financing Agreement is hereby amended to add the following as subsection (c):

“(c) execute, deliver and furnish, as applicable, such information as the Authority may request in order to satisfy its obligations under the WIFIA Loan Agreement.”

Amendment to Section 20 of the Financing Agreement. Solely with respect the WIFIA Loan and the WIFIA Lender, the Authority and the District hereby agree that Section 20 of the Financing Agreement is amended and restated as follows:

“The Bond Trustee, the WIFIA Lender and any insurer of the Bonds are each hereby made a third party beneficiary hereof and are entitled to the benefits of this Agreement with the same force and effect as if the Bond Trustee, the WIFIA Lender and Bond insurer were a party hereto.”

**SILICON VALLEY CLEAN WATER
JOINT EXERCISE OF POWERS AGREEMENT**

Supplemental Agreement IX

Among

**City of Belmont, City of Redwood City, City of San Carlos
and West Bay Sanitary District**

Dated as of April 1, 2019

**JOINT EXERCISE OF POWERS AGREEMENT
SILICON VALLEY CLEAN WATER
Supplemental Agreement IX**

THIS SUPPLEMENTAL AGREEMENT IX TO JOINT EXERCISE OF POWERS AGREEMENT dated as of April 1, 2019 (the “Ninth Supplement”), by and among the City of Belmont, a general law City, City of Redwood City, a chartered City, City of San Carlos, a general law City and West Bay Sanitary District, formerly named the Menlo Park Sanitary District), a sanitary district, (each a “Party” and together the “Parties”), supplements and amends that certain Joint Exercise of Powers Agreement dated November 13, 1975, as amended to the date hereof (as amended, the “Joint Powers Agreement”), by and among the Parties (or their predecessors, as applicable).

RECITALS:

WHEREAS, in order to provide for the transmission, treatment and disposal of wastewater, the Parties (or their predecessors, as applicable) have previously entered into the Joint Powers Agreement under which Silicon Valley Clean Water (formerly known as the South Bayside System Authority) has been organized as a joint powers authority (the “Authority”); and

WHEREAS, the Joint Powers Agreement has heretofore been amended by eight (8) Supplemental Agreements, dated for convenience as of June 8, 1977, June 1, 1983, April 26, 1984, September 18, 1985, March 13, 2008, March 8, 2012, December 12, 2013 and May 10, 2018, respectively; and

WHEREAS, in order to facilitate financing of additional projects by the Authority, including interim financing for such projects, the Parties desire to approve this Ninth Supplement; and

WHEREAS, Section 9.5 of the Joint Powers Agreement provides the parties thereto may amend the Joint Powers Agreement by supplemental agreement executed by all of the parties thereto; and

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the Parties hereto agree as follows:

Section 1.1. Definitions. Except as otherwise defined herein or unless the context otherwise requires, the capitalized terms used herein shall have the meanings ascribed to such terms in the Joint Powers Agreement.

Section 1.2. Amendment to Section 1.2 of the Joint Powers Agreement. Section 1.2 of the Joint Powers Agreement is hereby amended and restated in its entirety to read as follows:

“Section 1.2. Act. “Act” means the Joint Exercise of Powers Act, constituting Articles 1 (commencing with Section 6500), 2 and 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State, as the Joint Exercise of Powers Act may hereafter be amended or supplemented from time to time.”

Section 1.3. Amendment to Section 4.2 of Joint Powers Agreement. Section 4.2 of the Joint Powers Agreement is hereby amended and restated in its entirety to read as follows:

“4.2 Power to Issue Revenue Bonds. The Authority, as a local agency under Section 54307.1 of the Bond Law, shall have the power to issue revenue bonds under the Bond Law, as the same now reads or may be hereafter amended, and to provide for the repayment of all bonds so issued. The Authority shall also have all of the powers provided for in the Act including the power to issue revenue bonds under the Act, provided, however, that revenue bonds may only be issued by the Authority to finance or refinance the costs of the Joint Facilities, the Project or other facilities authorized for construction under this Agreement that transmit, treat, or dispose of wastewater generated by the wastewater collection systems operated by the Members.”

Section 1.4. Amendment. This Ninth Supplement has been authorized, executed and delivered by the Parties in accordance with Section 9.5 of the Joint Powers Agreement.

Section 1.5. Provisions of Joint Powers Agreement in Effect. Except as expressly modified herein, all of the provisions of the Joint Powers Agreement shall remain in full force and effect.

Section 1.6. Effectiveness. This Ninth Supplement shall take effect on such date that all Parties hereto have executed this Ninth Supplement.

Section 1.7. Partial Invalidity. If any section, paragraph, sentence, clause or phrase of this Ninth Supplement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity of the remaining portions of this Ninth Supplement. The Parties hereby declare that they each would have entered into this Ninth Supplement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Ninth Supplement may be held illegal, invalid or unenforceable.

Section 1.8. Execution in Counterparts. This Ninth Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1.9. Governing Law. This Ninth Supplement shall be construed and governed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

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IN WITNESS WHEREOF, the Parties have caused this NINTH SUPPLEMENT TO JOINT EXERCISE OF POWERS AGREEMENT to be executed by their respective officers thereunto duly authorized.

CITY OF BELMONT

Dated: _____, 2019

By: _____
[Name]
[Title]

ATTEST:

By: _____
City Clerk

[SEAL]

CITY OF REDWOOD CITY

Dated: _____, 2019

By: _____
[Name]
[Title]

ATTEST:

By: _____
City Clerk

[SEAL]

CITY OF SAN CARLOS

Dated: _____, 2019

By: _____

[Name]

[Title]

ATTEST:

By: _____

City Clerk

[SEAL]

WEST BAY SANITARY DISTRICT

Dated: _____, 2019

By: _____

[Name]

[Title]

ATTEST:

By: _____

Secretary of the Board

[SEAL]

Exhibit C to WBSD Resolution

Wastewater Revenue Notes, Series 2019A

Set forth below are **good faith estimates** of Fieldman, Rolapp & Associates, Inc., the municipal advisor to Silicon Valley Clean Water, as required under Section 5852.1 of the California Government Code (the “Code”). **The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.**

- (a) The true interest cost of the Notes is estimated at 2.17%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the Notes, including all fees and charges paid to third parties, is estimated at \$417,362.
- (c) Proceeds of the Notes allocated to the District for the sale of the Notes, including the estimated principal amount of the proposed Notes of \$68,580,000, plus the proposed premium of \$2,713,024 less the finance charges set forth in (b) above and capitalized interest fund of \$7,208,150, is equal to \$63,667,512 (estimated amount for the Project Fund).
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$68,580,000 (does not include interest payable from the capitalized interest fund referenced in section (c)).

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

2019 WIFIA Loan

Set forth below are **good faith estimates** of Fieldman, Rolapp & Associates, Inc., the municipal advisor to Silicon Valley Clean Water, as required under Section 5852.1 of the Code. **The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by resolution.**

- (a) The true interest cost of the loan is estimated at 2.86%, calculated as provided in Section 5852.1(a)(1)(A) of the Code.
- (b) The finance charge of the loan, including all fees and charges paid to third parties, is estimated at \$214,720 (inclusive of the application fee). The annual servicing fee, operation and construction period fees have not yet been determined.
- (c) Proceeds of the loan allocated to the District, including the estimated principal amount of the proposed loan of \$74,678,577, will be available to fund \$68,580,000 of eligible project costs

and the applicable deferred interest. The finance charges set forth in (b) above are not included in the loan proceeds.

- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Code is estimated at \$113,824,035 (total of all payments the District will make to pay debt service on the loan plus the finance charges set forth in section (b) which are not paid from proceeds of the loan).

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

APPENDIX C

INFORMATION ABOUT WEST BAY SANITARY DISTRICT

West Bay Sanitary District

The West Bay Sanitary District is an independent special district that provides wastewater service to the City of Menlo Park, portions of the Cities of East Palo Alto, Redwood City, and Atherton, portions of the Towns of Woodside and Portola Valley, and portions of unincorporated San Mateo and Santa Clara counties. The District is located in the northern part of Silicon Valley approximately 26 miles south of San Francisco, between San Francisco and San Jose. The District was originally formed in December 1902 as the Menlo Park Sanitary District under the Sanitary Sewer Act of 1891. The District operated as the Menlo Park Sanitary District from 1902 until 1981 when its name was changed to the West Bay Sanitary District to more accurately reflect the service area. The powers of the District are established by the State of California Health and Safety Code. The District serves a population of approximately 55,000 via approximately 20,075 predominantly residential sewer service connections.

Form of Government

The District is governed by a five-member Board of Directors whose members are elected at large from the District's service area to staggered terms of four years. The current members of the Board of Directors are:

<u>Director</u>	<u>Current Term Expires</u>
Fran Dehn, President	November 2020
George Otte, Secretary*	November 2020
Roy Thiele-Sardiña, Treasurer	November 2022
Edward P. Moritz	November 2022
David Walker	November 2020

* Secretary of the Silicon Valley Clean Water Commission.

Day to day activities of the District are managed by a District Manager, who is appointed by the Board of Directors and oversees a staff of approximately 30 employees.

District Leadership

Phil Scott, District Manager. Mr. Scott is the District Manager and reports directly to the Board of Directors. Mr. Scott manages day to day operations of the District including more than 30 employees. Mr. Scott also serves as Chief Fiscal Officer and is responsible for budgeting, forecasting revenue requirements, long range and strategic planning, facilitating Board meetings, and negotiations. Mr. Scott has 38 years of experience in the wastewater industry and has been District Manager of the District for 9 years.

Bill Kitajima, Projects & IT Manager. With over 20 years at the District, Mr. Kitajima manages all capital improvement projects and Collection System Master Planning, prioritizes CIP projects, and oversees engineering, bidding and construction of all CIP projects. Mr. Kitajima also manages all databases and computer/server operations and replacements and day to day technical operations.

Liz Bahrami, District Accountant. Ms. Bahrami has over 17 years of service with the District. Ms. Bahrami manages all accounting operations, is responsible for deposits, AP, AR, cash flow forecasting, production of Withdrawal Orders, quarterly financial statements, annual audits, final financial statements and

payroll. Ms. Bahrami also produces the annual budget and provides monthly expense reports for internal controls.

Sergio Ramirez, Operations Superintendent. Mr. Ramirez has 8 years of experience at the District and over 23 years in the wastewater industry. Mr. Ramirez manages and oversees 17 employees and the collection system maintenance operations, including cleaning and repairing of sewer pipelines and CCTV inspection of sewer pipelines and pump station maintenance. Mr. Ramirez ensures that the system runs efficiently, safely and with minimal interruptions to convey wastewater (4.1 MGD) to the treatment plant in Redwood City, and helped the District to achieve the Collection System of the Year award for the Santa Clara Valley Section of the California Water Environment Association for 2012.

The Wastewater System

The District owns and operates a sanitary sewer collection system consisting of approximately 200 miles of sewer pipelines ranging in size from 3 to 54 inches in diameter, and 13 sewer pump stations. The District’s wastewater collection system is in good operating condition and has an average age of approximately 50 years, with an estimated life of 90 years. The District also owns a flow equalization facility, which has the capacity to hold approximately 10 million gallons of untreated wastewater. The District’s wastewater is conveyed to the Authority for treatment and disposal.

Wastewater Flow to Authority

The following table shows the District’s recent average daily wastewater flows to the Authority.

**TABLE C1
WEST BAY SANITARY DISTRICT
ANNUAL WASTEWATER FLOW**

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Average Daily Flow (mgd)	3.5	3.6	3.8	4.1	3.4

Source: Silicon Valley Clean Water.

The decrease in average daily flow from 2016-17 to 2017-18 was a result of less groundwater intrusion into the District’s wastewater system due to the replacement and lining of pipes and a decrease of new construction within the District.

Service Area & Customer Base

The District’s sewer service area is approximately 14 square miles and includes the City of Menlo Park, portions of the Cities of East Palo Alto, Redwood City, and Atherton, portions of the Towns of Woodside and Portola Valley, and portions of unincorporated San Mateo and Santa Clara Counties.

The following table shows a history of residential and non-residential sewer accounts for the last five District fiscal years. Residential accounts comprised approximately 97% of the District's customer base in fiscal year 2017-18.

**TABLE C2
WEST BAY SANITARY DISTRICT
HISTORICAL SEWER ACCOUNTS**

	<u>2013-14</u>		<u>2014-15</u>		<u>2015-16</u>		<u>2016-17</u>		<u>2017-18</u>	
	<u>Accounts</u>	<u>% of Total</u>								
Residential	18,514	97%	18,546	97%	18,858	97%	18,867	97%	19,455	97%
Commercial	<u>626</u>	<u>3</u>	<u>622</u>	<u>3</u>	<u>610</u>	<u>3</u>	<u>622</u>	<u>3</u>	<u>620</u>	<u>3</u>
Total	19,140	100%	19,168	100%	19,468	100%	19,489	100%	20,075	100%

Source: West Bay Sanitary District.

The following table shows a history of sewer service charge revenues broken down by residential and non-residential sewer accounts for the last five District fiscal years. In fiscal year 2017-18, residential customers accounted for 80% of the District's total sewer service charge revenues.

**TABLE C3
WEST BAY SANITARY DISTRICT
HISTORICAL SEWER SERVICE CHARGE REVENUES**

	<u>2013-14</u>		<u>2014-15</u>		<u>2015-16</u>		<u>2016-17</u>		<u>2017-18</u>	
	<u>Revenues</u>	<u>% of Total</u>								
Residential	\$15,192,802	79%	\$16,537,777	78%	\$18,177,405	78%	\$19,616,295	80%	\$20,951,143	79%
Commercial	<u>4,104,887</u>	<u>21</u>	<u>4,529,455</u>	<u>22</u>	<u>5,030,737</u>	<u>22</u>	<u>4,866,919</u>	<u>20</u>	<u>5,440,555</u>	<u>21</u>
Total	\$19,297,689	100%	\$21,067,232	100%	\$23,208,142	100%	\$24,483,214	100%	\$26,391,698	100%

Source: West Bay Sanitary District.

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The following table lists the District's 10 largest accounts by revenue for fiscal year 2017-18.

**TABLE C4
WEST BAY SANITARY DISTRICT
LARGEST CUSTOMERS, FISCAL YEAR 2017-18**

<u>10 Largest Sewer Accounts</u>	<u>Description</u>	<u>Service Charges</u>	<u>% of Total</u>
Hibiscus Properties LLC		\$2,617,547	10%
Anton Menlo LLC		445,070	2
Stanford Research Institute		346,104	1
Facebook Inc		260,598	1
Maximus Sg New Gf Owner LLC		239,838	1
Leland Stanford Jr University		238,905	1
Leland Stanford Jr University		222,961	1
Mp Hamilton 777 Properties LLC		219,570	1
Jefferson Place Associates L P		208,552	1
United States of America		<u>196,036</u>	<u>1</u>
Subtotal		\$4,995,181	19%
All Other Customers		\$21,396,517	81%
Total		\$26,391,698	100%

Source: West Bay Sanitary District.

Sewer Utility Regulatory Issues

General. Regulatory requirements applicable to the District's sanitary sewer collection system are contained in or imposed by regulation pursuant to the Federal Water Pollution Control Act, as amended, and the State of California Porter Cologne Water Quality Control Act of 1969, as amended. Both federal and State regulations are administered through the San Francisco Bay Regional Water Quality Control Board. The District is not aware of any environmental or regulatory issues that would adversely impact its ability to provide sewer collection service.

Waste Discharge Requirements. The District is not subject to independent waste discharge requirements in connection with operation of its sanitary sewer collection system because it sends its sewage to the Authority for treatment and discharge.

Wastewater Rates & Billing

The District's wastewater rates and charges are independently established by the Board of Directors and do not require approval by any other legal entity. Single family residential customers are billed a flat annual charge for sewer service which is collected on property tax bills. Non-residential customers pay volumetric charges based on customer class and metered water use.

The District is currently in the process of setting rates for the 2019-20 fiscal year, to take effect July 1, 2019. The District's Board of Directors has approved a one-year 4.5% rate increase, and a hearing is expected to be held in May 2019 in compliance with Article XIID of the California Constitution. The District expects to continue seeking one-year rate increases annually to continue to fund debt service and maintain healthy funding for capital improvement needs. There can be no assurance that these or future proposed rate increases will be approved following protest opposition under the Proposition 218 process.

A five-year rate history is shown in the following table. The rate increases below were adopted to support the District’s allocable share of debt service for SVCW’s CIP as well as SVCW operations and the District’s operating and capital programs. The District adopted its rates in compliance with Article XIID of the California Constitution. See “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS – Articles XIIC and XIID” in the forepart of this Official Statement herein.

**TABLE C5
WEST BAY SANITARY DISTRICT
ADOPTED SEWER RATES**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Residential (annual charge)	\$893	\$973	\$1,031	\$1,072	\$1,126
<i>Monthly Equivalent</i>	<i>74.42</i>	<i>81.08</i>	<i>85.92</i>	<i>89.33</i>	<i>93.83</i>
Non-Residential/Commercial					
Flow - \$ per hcf	\$7.74	\$8.97	\$9.51	\$8.38	\$7.90
BOD - \$ per pound	0.23	0.25	0.26	0.59	0.90
SS - \$ per pound	0.29	0.32	0.34	0.67	0.99

Source: West Bay Sanitary District.

Each year, the District calculates the wastewater charge for the upcoming fiscal year for each parcel in the District’s service area. These charges are submitted to San Mateo County for collection on the County’s property tax bills (except for approximately six customers located in Santa Clara County and governmental agencies, which are billed directly). The District’s wastewater charges are listed as a separate item on the tax bill and are collected at the same time and in the same manner as the County’s ad valorem property taxes. The District’s charges are subject to the same penalties and payment enforcement as the County’s taxes, which includes the potential to foreclose on properties with payment delinquencies.

San Mateo County’s property tax bills are due in equal installments on November 1 and February 1 of each fiscal year and become delinquent if not paid by December 10 and April 10 respectively. San Mateo County is on the Teeter Plan under which the County pays the District the full amount of all charges assessed on the County’s tax rolls, and also retains any penalties due to payment delinquency. The County pays the District for 100% of its annual wastewater billings, regardless of payment delinquencies. The County has the option to discontinue an agency’s participation in the Teeter Plan.

Connection Fees for New Development

The District levies a sewer connection charge on new applicants for wastewater service and applicants for expanded service. The purpose of the charge is to recover a proportionate share of costs of District facilities benefiting new connections to the wastewater system. The District’s connection fees are established by the Board of Directors. The District’s current residential connection charge is a fixed, one-time charge of \$6,919 per residential unit. The fee for non-residential connections is based on the estimated wastewater discharge for each new account, as determined by the District.

In addition, pursuant to the Joint Powers Agreement, the District also collects the Authority’s connection fees and periodically remits payment of these fees to the Authority. SVCW connection fee revenues are not Net Revenues of the District’s wastewater system available to pay the District’s allocable share of debt service on the 2019 Notes. See “THE AUTHORITY AND THE WASTEWATER SYSTEM – Capacity Fees for New Development” in the forepart of this Official Statement.

The total connection charges collected by the District from new non-residential accounts, including both the District's and Authority's connection fees, are subject to a minimum charge of \$8,501 per connection.

Future Capital Needs

The District anticipates spending approximately \$9.3 million in 2018-19 and an average of approximately \$7.9 million per year for capital improvements to the District's wastewater system through fiscal year 2022-23. This level of expenditures represents an increase from the amounts spent annually in recent history. These improvements primarily include repairs, replacements, and other upgrades to the District's collection system pipelines, but also include some pump station improvements. The District anticipates funding these improvements on a pay-as-you-go, cash basis, along with proceeds of a State Revolving Fund loan in an approximate amount of \$22,595,000 (the "West Bay SRF Loan").

In addition, the District anticipates financing its allocable share of costs for the Authority's CIP, equal to approximately \$148 million through 2025-26, after taking into account proceeds from the Prior SVCW 2018 Bonds, Prior SVCW 2015 Bonds, Prior SVCW 2014 Bonds and outstanding SRF Loans. The District anticipates financing these costs through the 2019 Notes, the WIFIA Loan, cash and other long-term debt issued by the Authority and/or the District.

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Outstanding District Debt

The District incurred obligations in connection with the issuance by the Authority of the 2008 Bonds, the 2009 Bonds, the 2014 Bonds, the 2015 Bonds, SRF Loans, and the Line of Credit, as described in “THE AUTHORITY AND THE WASTEWATER SYSTEM – Outstanding Debt”. The District’s payment obligations to the Authority with respect to the SRF Loans and the Line of Credit, and the District’s payment obligations with respect to the West Bay SRF Loan, are payable from Net Revenues on an unsecured basis.

TABLE C6*
WEST BAY SANITARY DISTRICT
OUTSTANDING DEBT

Fiscal Year Ending June 30	Parity Debt				Other Debt			Subordinate Debt	Total	
	2009 Bonds ⁽¹⁾	2014 Bonds	2015 Bonds ⁽²⁾	2018 Bonds	WIFIA Loan ⁽³⁾	Existing SRF Loan	Conveyance Planning SRF Loan ⁽⁴⁾	West Bay SRF Loan ⁽⁵⁾		Series 2019 Notes ⁽⁶⁾
2019	\$1,276,286.25	\$1,144,768.23	\$824,050.00	\$1,838,480.31	\$ --	\$726,842.69	\$ --	\$ --	\$ --	\$5,810,427.48
2020	810,662.50	1,144,886.80	1,069,500.00	1,834,712.50	--	726,842.69	--	--	--	5,586,604.49
2021	--	1,145,479.63	1,610,500.00	1,837,712.50	--	726,842.69	--	488,839.02	--	5,809,373.84
2022	--	1,145,183.21	1,615,125.00	1,839,212.50	--	726,842.69	--	675,540.88	--	6,001,904.28
2023	--	1,145,479.62	1,608,250.00	1,834,337.50	--	726,842.69	--	675,540.88	--	
2024	--	1,144,812.70	1,605,000.00	1,837,962.50	--	726,842.69	185,196.00	675,540.88	--	
2025	--	1,144,664.49	1,614,875.00	1,834,962.50	--	726,842.69	185,196.00	675,540.88	--	
2026	--	1,144,960.90	1,607,875.00	1,835,337.50	--	726,842.69	185,196.00	675,540.88	--	
2027	--	1,145,627.84	1,599,375.00	1,838,837.50	--	726,842.69	185,196.00	675,540.88	--	
2028	--	1,145,109.12	1,604,000.00	1,835,462.50	--	726,842.69	185,196.00	675,540.88	--	
2029	--	1,144,886.80	1,601,500.00	1,835,212.50	--	726,842.69	185,196.00	675,540.88	--	
2030	--	1,144,886.80	1,601,875.00	1,837,837.50	--	726,842.69	185,196.00	675,540.88	--	
2031	--	1,145,035.02	1,439,125.00	1,838,212.50	--	726,842.69	185,196.00	675,540.88	--	
2032	--	1,145,257.32	1,433,500.00	1,836,337.50	--	726,842.69	185,196.00	675,540.88	--	
2033	--	1,145,479.62	1,431,000.00	1,837,337.50	--	726,842.69	185,196.00	675,540.88	--	
2034	--	1,145,627.82	1,431,375.00	1,836,637.50	--	506,765.20	185,196.00	675,540.88	--	
2035	--	1,144,145.78	1,424,625.00	1,834,218.75	--	506,765.20	185,196.00	675,540.88	--	
2036	--	1,145,212.85	1,425,625.00	1,835,300.00	--	506,765.20	185,196.00	675,540.88	--	
2037	--	1,145,064.65	1,424,125.00	1,835,000.00	--	506,765.20	185,196.00	675,540.88	--	
2038	--	1,144,545.93	1,420,125.00	1,837,400.00	--	--	185,196.00	675,540.88	--	
2039	--	1,145,064.66	1,413,625.00	1,837,750.00	--	--	185,196.00	675,540.88	--	
2040	--	1,144,990.54	1,409,500.00	1,836,800.00	--	--	185,196.00	675,540.88	--	
2041	--	1,144,071.68	656,750.00	1,834,500.00	--	--	185,196.00	675,540.88	--	
2042	--	1,144,442.18	651,250.00	1,835,400.00	--	--	185,196.00	675,540.88	--	
2043	--	1,145,405.52	654,500.00	1,839,000.00	--	--	185,196.00	675,540.88	--	
2044	--	1,145,331.42	651,375.00	1,834,125.00	--	--	185,196.00	675,540.88	--	
2045	--	--	651,875.00	1,837,050.00	--	--	185,196.00	675,540.88	--	
2046	--	--	650,875.00	1,838,750.00	--	--	185,196.00	675,540.88	--	
2047	--	--	--	1,837,850.00	--	--	185,196.00	675,540.88	--	
2048	--	--	--	1,838,712.50	--	--	185,196.00	675,540.88	--	
2049	--	--	--	1,836,587.50	--	--	185,196.00	675,540.88	--	
2050	--	--	--	--	--	--	185,196.00	675,540.88	--	
2051	--	--	--	--	--	--	185,196.00	--	--	
2052	--	--	--	--	--	--	185,196.00	--	--	
2053	--	--	--	--	--	--	185,196.00	--	--	
Total	\$2,086,948.75	\$29,770,421.13	\$36,131,175.00	\$56,937,036.56	\$ --	\$12,929,701.15	\$5,555,880.00	\$ 19,403,983.62	\$ --	\$

(1) Represents approximate allocated share of gross debt service on the Series 2009 Bonds; does not include any Refundable Credits.

(2) Excludes debt service payments made from escrow funds.

(3) Assuming a four-year deferral on the WIFIA Loan after substantial completion of the WIFIA Project, payment obligations of the District under the WIFIA Loan is not expected to begin until Fiscal Year 2027-28.

(Footnotes continued on following page)

* Preliminary, subject to change.

(Continued from previous page)

- (4) Assumes the Conveyance Planning SRF Loan is converted to a 30-year payment schedule.
- (5) Pursuant to an agreement between West Bay and Sharon Heights Golf and Country Club (“Sharon Heights”), Sharon Heights is expected to reimburse West Bay for all debt service payments on the West Bay SRF Loan.
- (6) Net of capitalized interest through Fiscal Year 2023-24. The principal of the Series 2019 Notes is expected to be paid with proceeds of the WIFIA Loan.

Source: West Bay Sanitary District.

Pension and Other Employee Benefit Costs

A significant portion of the District’s operation costs are employee costs, including pension and post-retirement medical benefit costs.

The District contributes to the California Public Employees’ Retirement System (“PERS”), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California.

Pension. Three-year trend information for the District’s pension plan is set forth below:

Three-Year Trend of Annual Pension Cost (Employer Portion)

<i>Fiscal year ended</i> <u>June 30</u>	<i>Annual pension cost</i> <u>(APC)</u>	<i>Percentage of APC</i> <u>contributed</u>	<i>Net pension obligations</i>
2016	\$ 399,280	100%	\$ 399,280
2017	387,500	100	387,500
2018	413,896	100	413,896

Source: West Bay Sanitary District 2018 Comprehensive Annual Financial Report.

Three-Year Trend of Funded Status of the Plan

Miscellaneous Plan Tier 1 (2.5% at 55 years)

<i>Valuation Date</i> <u>(June 30)</u>	<i>Accrued Liability</i>	<i>Share of Pool’s Market Value of Assets</i>	<i>Plan’s Share of Pool’s Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>UAAL as a Percentage of Payroll</i>
2015	\$16,156,045	\$12,387,076	\$3,768,969	76.7%	\$2,413,220	156.2%
2016	17,009,823	12,109,690	4,900,133	71.2	2,285,057	214.5
2017	17,814,311	12,916,258	4,898,053	72.5	2,143,803	228.5

Source: PERS Actuarial Report August 2018.

Miscellaneous Plan Tier 2 (2% at 60 years)

<i>Valuation Date</i> <u>(June 30)</u>	<i>Accrued Liability</i>	<i>Share of Pool’s Market Value of Assets</i>	<i>Plan’s Share of Pool’s Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>	<i>UAAL as a Percentage of Payroll</i>
2015	\$545	\$519	\$26	95.2%	\$67,687	0.04%
2016	0	(28)	28	0.0	0	0.00
2017	0	(30)	30	0.0	0	0.00

Source: PERS Actuarial Report August 2018.

Miscellaneous Plan PEPRA (2% at 62 years)

<u>Valuation Date (June 30)</u>	<u>Accrued Liability</u>	<u>Share of Pool's Market Value of Assets</u>	<u>Plan's Share of Pool's Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
2015	\$19,605	\$18,757	\$848	95.7%	\$63,721	1.3%
2016	57,120	51,725	5,395	90.6	319,166	1.7
2017	133,475	128,602	4,873	96.3	575,424	0.8

Source: PERS Actuarial Report August 2018.

As of June 30, 2017, the most recent actuarial valuation date, the market value of the Plan's assets was \$13,044,830, resulting in a funded ratio of 72.7%.

For more information with respect to the District's Defined Benefit Pension Plan obligations, see Note (10) to the District's audited financial statements attached hereto as Exhibit I.

Recent Changes by PERS. At its April 17, 2013, meeting, PERS' Board of Administration (the "Board of Administration") approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experienced gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a 20-year period with a five-year ramp-up, and five-year ramp-down, period. The new amortization and smoothing policy was used for the first time in the June 30, 2014, actuarial valuations in setting employer contribution rates for fiscal year 2016-17.

On February 18, 2014, the PERS Board approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The Board of Administration also assumed earlier retirements for Police 3%@50, Fire 3%@55, and Miscellaneous 2.7%@55 and 3%@60, which will increase costs for those groups. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the PERS Board adopted a funding risk mitigation policy intended to incrementally lower its discount rate – its assumed rate of investment return – in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. PERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through PERS' web site at the following website address: <https://www.calpers.ca.gov>.

The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the District and is not incorporated in this Official Statement by reference.

On December 21, 2016, the PERS Board voted to lower its discount rate from 7.5% to 7.0% over the next three years according to the following schedule.

<i><u>Valuation Date</u></i>	<i><u>Fiscal Year Required Contribution</u></i>	<i><u>Discount Rate</u></i>
June 30, 2016	2018-19	7.375%
June 20, 2017	2019-20	7.250
June 30, 2018	2020-21	7.000

Other Post-Employment Benefits (OPEB). In June 2015, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Other Than Pension, which is effective for the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployments benefits or OPEB). For the fiscal year ending June 30, 2018, the District restated its beginning net position as part of implementation of this Statement.

The District’s net OPEB liability was measured as of June 30, 2017 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2018:

	<i><u>Increase (Decrease)</u></i>		
	<i><u>Total OPEB Liability</u></i>	<i><u>Plan Fiduciary Net Position</u></i>	<i><u>Net OPEB Liability</u></i>
Balance at June 30, 2017	<u>\$ 79,437,089</u>	<u>\$ 21,529,949</u>	<u>\$ 57,907,140</u>
Service cost	6,513	--	6,513
Interest in Total OPEB Liability	16,476	--	16,476
Employer contributions	--	232,909	(232,909)
Actual investment income	--	10,234	(10,234)
Benefit payments	<u>(7,909)</u>	<u>(7,909)</u>	<u>--</u>
Net changes	<u>15,080</u>	<u>235,234</u>	<u>(220,154)</u>
Balance at June 30, 2018)	\$ 293,633	\$ 235,234	\$ 58,399

Source: West Bay Sanitary District 2018 Audit Report.

Prior to the implementation of GASB Statement 75, the District’s annual other post-employment benefit cost (expense) had been calculated based on the annual required contribution (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017 and the two preceding fiscal years were as follows:

Three-year Trend of Annual OPEB Cost

<i>Fiscal year ended</i> <u>June 30</u>	<i>Annual OPEB cost</i> <u>(AOC)</u>	<i>Percentage of AOC contributed</i>	<i>Net OPEB obligations</i> <u>(Asset)</u>
2015	\$25,900	16.75%	\$99,221
2016	25,313	21.67	119,049
2017	26,489	867.30	(84,200)

Source: West Bay Sanitary District 2017 Audit Report.

Three-year Trend of Funded Status of the Plan

<i>Valuation Date</i> <u>(March 1)</u>	<i>Actuarial Value of Assets</i>	<i>Entry age normal accrued liability</i>	<i>Unfunded/ (overfunded) liability</i> <u>(UAAL)</u>	<i>Funded ratio</i>	<i>Annual covered payroll</i>	<i>UAAL as a percentage of payroll</i>
2010	\$0	\$137,900	\$137,900	0%	\$1,952,200	7.06%
2013	0	186,100	186,000	0	2,391,800	7.78
2015	0	217,440	217,440	0	2,846,000	7.64

Source: West Bay Sanitary District 2017 Audit Report.

For more information with respect to the District’s Other Post Employment Benefits obligations, see Note (11) to the District’s audited financial statements attached hereto as Exhibit I.

Historical Revenues and Expenses and Debt Service Coverage

The table on the following page shows a history of revenues, expenses, and net revenues based on information provided in the District’s audited financial statements and by the District. These results have been derived from the audited financial statements of the District, but exclude certain receipts which are not included as Gross Revenues under the West Bay Financing Agreement and certain non-cash items and include certain other adjustments. For more information with respect to the operating results of the District, see the District’s audited financial statements attached hereto as Exhibit I.

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TABLE C7
WEST BAY SANITARY DISTRICT
HISTORIC OPERATING RESULTS AND DEBT SERVICE COVERAGE
FISCAL YEAR ENDED JUNE 30

	2014	2015	2016	2017	2018
GROSS REVENUES⁽¹⁾					
Sewer Service Charges ⁽²⁾	\$ 19,297,689	\$ 21,067,232	\$ 23,208,142	\$ 24,483,213	\$ 26,391,698
Connection Fees ⁽³⁾	167,770	5,696,108	1,281,475	1,912,132	570,181
Investment Earnings & Other Revenues ⁽⁴⁾	<u>401,311</u>	<u>1,324,000</u>	<u>1,555,251</u>	<u>1,790,634</u>	<u>1,508,310</u>
Total Revenues	\$ 19,866,770	\$ 28,087,340	\$ 26,044,868	\$ 28,185,979	\$ 28,470,189
OPERATION AND MAINTENANCE COSTS					
Operating Expenses	\$ 13,794,828	\$ 14,820,036	\$ 18,467,856	\$ 18,906,942	\$ 20,694,823
Less Depreciation	(1,275,444)	(1,300,476)	(1,514,901)	(1,652,638)	(1,868,991)
Less SBSA Bond Payments and District Share of Other SVCW Obligations ⁽⁵⁾	(1,349,137)	(2,399,892)	(2,647,096)	(3,162,085)	(3,666,678)
Less SVCW Non-Operating Payments ⁽⁶⁾	<u>(589,116)</u>	<u>--</u>	<u>(153,494)</u>	<u>(410,664)</u>	<u>(414,948)</u>
Total Operation and Maintenance Costs	\$ 10,581,131	\$ 11,119,668	\$ 14,152,365	\$ 13,681,555	\$ 14,744,206
NET REVENUES	9,285,639	16,967,672	11,892,503	14,504,424	13,725,983
Parity Debt⁽⁷⁾					
SVCW 2008 Bonds	\$ 200,278	\$ 201,378	\$ 154,689	\$ --	\$ --
SVCW 2009 Bonds (Net) ⁽⁸⁾	928,782	989,153	1,019,928	985,734	968,710
SVCW 2014 Bonds	--	989,284	1,145,509	1,144,324	1,144,175
SVCW 2015 Bonds	<u>--</u>	<u>--</u>	<u>106,893</u>	<u>811,950</u>	<u>826,950</u>
Total Parity Debt	\$ 1,129,060	\$ 2,179,815	\$ 2,427,019	\$ 2,942,008	\$ 2,939,835
District Share of Other SVCW Obligations⁽⁹⁾					
SRF Loan	\$ 220,077	\$ 220,077	\$ 220,077	\$ 220,077	\$ 726,843
Total District Share of Other SVCW Obligations	\$ 220,077	\$ 220,077	\$ 220,077	\$ 220,077	\$ 726,843
Total Parity Debt and District Share of Other SVCW Obligations	\$ 1,349,137	\$ 2,399,892	\$ 2,647,096	\$ 3,162,085	\$ 3,666,678
Total Parity Debt and District Share of Other SVCW Obligations Coverage⁽¹⁰⁾	6.88	7.07	4.49	4.59	3.74

(1) Revenues shown are based on accrual basis under GAAP. See Note 2 of the West Bay Financial Statements attached hereto as Exhibit I.

(2) Includes "Service charges."

(3) Reflects "Capital Contributions" in the West Bay Financial Statements.

(4) Includes flow equalization uses, permit and inspection fees and other services, other operating revenues, investment income and other nonoperating revenues.

(5) Represents West Bay's SBSA Bond Payments obligations on the Parity Debt outstanding under the West Bay Financing Agreement and West Bay's proportionate share of other SVCW obligations which are junior and subordinate to the pledge of and lien upon the Net Revenues established under the West Bay Financing Agreement. Remaining treatment operating expenses paid to SVCW are included in the Operating Expenses.

(6) Represents West Bay share of SVCW pay go capital expenditures.

(7) Represents West Bay's SBSA Bond Payments due under the West Bay Financing Agreement with respect to the Authority's outstanding Parity Debt, which are senior to the pledge of and lien upon the Net Revenues for the payment of Subordinate Debt (including the Series 2019 Notes) under the West Bay Financing Agreement. Amounts shown are net of reserve and interest credits received by West Bay.

(8) Represents SBSA Bond Payments with respect to the SVCW 2009 Bonds, net of West Bay's proportionate share of Refundable Credits received as a result of receipt by the Authority of cash subsidy payments from the United States Treasury.

(9) Represents West Bay share of other SVCW obligations which are junior and subordinate to the pledge of and lien upon the Net Revenues for the payment of SBSA Bond Payments on the Parity Debt and payments of principal of and interest on any Subordinate Debt.

(10) Represents Net Revenues divided by Total SBSA Bond Payments and District Share of Other SVCW Obligations.

Source: West Bay Sanitary District.

Projected Revenues, Expenses, and Debt Service Coverage

The estimated projected operating results and debt service coverage of the District for the Fiscal Years ending June 30, 2019 through 2023 are set forth below, excluding District revenues that are not pledged towards payment of principal of and interest on Parity Debt and Subordinate Debt. The projected operating results reflect certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the assumptions stated in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different

financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Under the West Bay Financing Agreement, the District may issue additional obligations constituting Parity Debt, which debt would be senior to obligation of the District to pay its allocable share of the Series 2019 Notes and secured by a senior pledge of and lien upon the Net Revenues. See “SECURITY FOR THE SERIES 2019 NOTES – Financing Agreements” in the forepart of this Official Statement and “APPENDIX F – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” attached hereto.

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**TABLE C8
WEST BAY SANITARY DISTRICT
PROJECTED OPERATING RESULTS AND DEBT SERVICE COVERAGE
FISCAL YEAR ENDING JUNE 30**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
GROSS REVENUES					
Sewer Service Charges ⁽¹⁾	\$ 27,452,686	\$ 28,688,057	\$ 29,979,019	\$ 31,328,075	\$ 32,737,839
Connection Fees ⁽²⁾	500,000	500,000	500,000	500,000	500,000
Investment Earnings & Other Revenues ⁽³⁾	977,392	980,000	980,000	980,000	980,000
West Bay SRF Reimbursement ⁽⁴⁾	--	--	488,839	675,541	675,541
Total Revenues	\$ 28,930,078	\$ 30,168,057	\$ 31,947,858	\$ 33,483,616	\$ 34,893,380
OPERATION AND MAINTENANCE COSTS					
Operating Expenses ⁽⁵⁾	\$ 8,347,703	\$ 8,681,611	\$ 9,028,876	\$ 9,390,031	\$ 9,765,632
SVCW Operating Expenses ⁽⁶⁾	6,927,024	7,194,287	7,464,197	7,760,015	7,749,764
Total Operation and Maintenance Costs	\$ 15,274,727	\$ 15,875,898	\$ 16,493,073	\$ 17,150,046	\$ 17,515,396
NET REVENUES	\$ 13,655,351	\$ 14,292,159	\$ 15,454,785	\$ 16,333,570	\$ 17,377,984
Parity Debt⁽⁷⁾					
SVCW 2009 Bonds ⁽⁸⁾	\$ 1,276,286	\$ 810,663	\$ --	\$ --	\$ --
SVCW 2014 Bonds	1,144,768	1,144,887	1,145,480	1,145,183	1,145,480
SVCW 2015 Bonds	824,050	1,069,500	1,610,500	1,615,125	1,608,250
SVCW 2018 Bonds	1,838,480	1,834,713	1,837,713	1,839,213	1,834,338
Future SVCW Bonds	--	--	--	--	195,288
WIFIA Loan ⁽⁹⁾	--	--	--	--	--
Total Parity Debt	\$ 5,083,584	\$ 4,859,763	\$ 4,593,693	\$ 4,599,521	\$ 4,783,356
Parity Debt Coverage⁽¹⁰⁾	2.69	2.94	3.36	3.55	3.63
Net Revenues Available to Pay Other SVCW Obligations and Other District Debt	\$ 8,571,767	\$ 9,432,396	\$ 10,861,092	\$ 11,734,049	\$ 12,594,628
District Share of Other SVCW Obligations and Other District Debt⁽¹¹⁾					
SRF Loan	\$ 726,843	\$ 726,843	\$ 726,843	\$ 726,843	\$ 726,843
Future SRF Loan	--	--	--	--	1,549,259
West Bay SRF Loan	--	--	488,839	675,541	675,541
Total District Share of Other SVCW Obligations	\$ 726,843	\$ 726,843	\$ 1,215,682	\$ 1,402,384	\$ 2,951,643
Total Parity Debt Service and District Share of Other SVCW Obligations and Other District Debt⁽¹²⁾	\$ 5,810,427	\$ 5,586,606	\$ 5,809,375	\$ 6,001,905	\$ 7,734,999
Total Parity Debt Service and District Share of Other SVCW Obligations and Other District Debt Coverage⁽¹³⁾	2.35	2.56	2.66	2.72	2.25
Net Revenues Available to Pay Subordinate Debt	\$ 7,844,924	\$ 8,705,553	\$ 9,645,410	\$ 10,331,665	\$ 9,642,985
Subordinate Debt⁽¹⁴⁾					
Series 2019 Notes ⁽¹⁵⁾	\$ --	\$ --	\$ --	\$ --	\$ --
Total Subordinate Debt	\$ --	\$ --	\$ --	\$ --	\$ --
Subordinate Debt Coverage	NA	NA	NA	NA	NA
Net Revenues Available to Pay Capital & Other Non-Operating	\$ 7,844,924	\$ 8,705,553	\$ 9,645,410	\$ 10,331,665	\$ 9,642,985
Capital & Other Non-Operating					
District Capital Improvements	\$ 11,451,000	\$ 7,422,200	\$ 6,754,616	\$ 5,354,254	\$ 5,417,622
SVCW Pay-Go Capital Funding	398,712	483,120	402,600	402,600	402,600
SVCW SRF Reserve Contributions ⁽¹⁶⁾	264,120	268,400	402,600	536,800	671,000
Total Capital & Other Non-Operating	\$ 12,113,832	\$ 8,173,720	\$ 7,559,816	\$ 6,293,654	\$ 6,491,222
Net Revenues (Deficit) Available After Capital & Other Non-Operating⁽¹⁷⁾	\$ (4,268,908)	\$ 531,833	\$ 2,085,594	\$ 4,038,011	\$ 3,151,763

(Continued from previous page)

- (1) For 2018-19, represents adopted 2018-19 budget. Subsequent years assume annual rate increases of 4.5%. No assurances can be made that such rate increases will be approved. See the caption “—Wastewater Rates & Billing” herein.
- (2) For 2018-19, represents adopted 2018-19 budget.
- (3) Includes interest income and maintenance contracts with other entities. For 2018-19, represents adopted 2018-19 budget.
- (4) Pursuant to an agreement between West Bay and Sharon Heights Golf and Country Club (“Sharon Heights”), Sharon Heights is expected to reimburse West Bay for all debt service payments on the West Bay SRF Loan.
- (5) For 2018-19, represents adopted 2018-19 budget. Subsequent years assume annual rate increases of 4%.
- (6) SVCW operating expenses assume 4% annual increases for personnel (including benefits) and utilities and 3% annual increases for administrative expenses, equipment and supplies, and professional services.
- (7) Represents West Bay’s SBSA Bond Payments due under the West Bay Financing Agreement with respect to the Authority’s outstanding Parity Debt, which are senior to the pledge of and lien upon the Net Revenues for the payment of Subordinate Debt (including the Series 2019 Notes) under the West Bay Financing Agreement. Amounts shown are gross of any reserve and interest credits that may be received by West Bay.
- (8) Represents gross SBSA Bond Payments with respect to the SVCW 2009 Bonds, excluding West Bay’s proportionate share of any Refundable Credits that may be received as a result of receipt by the Authority of cash subsidy payments from the United States Treasury.
- (9) Assuming a four-year deferral on the WIFIA Loan after substantial completion of the project, payment obligations of the District under the WIFIA Loan is not expected to begin until Fiscal Year 2027-28.
- (10) Represents Net Revenues divided by Total Parity Debt.
- (11) Represents West Bay’s share of other SVCW obligations and the West Bay SRF Loan, which are junior and subordinate to the pledge of and lien upon the Net Revenues for the payment of SVCW Bond Payments on the Parity Debt and senior to payments of principal of and interest on any Subordinate Debt, including the 2019 Notes. Future SRF Loan debt service assumes that SVCW enters into an \$140.8 million match funding loan with the California State Water Resources Control Board.
- (12) Represents West Bay’s total Parity Debt, West Bay’s share of other SVCW obligations and the West Bay SRF Loan.
- (13) Represents Net Revenues divided by the sum of total Parity Debt, West Bay’s share of other SVCW obligations and the West Bay SRF Loan.
- (14) Represents West Bay’s payment obligations on the Subordinate Debt outstanding under the West Bay Financing Agreement, which are junior to the pledge of an lien upon the Net Revenues for the payment of Parity Debt under the West Bay Financing Agreement.
- (15) Preliminary, subject to change. Debt service is shown net of capitalized interest through Fiscal Year 2023-24. The principal of and interest on the Series 2019 Notes are expected to be paid with proceeds of the WIFIA Loan.
- (16) SVCW SRF reserve contributions are based on SVCW projections shown in Table C6 herein and are based on the assumption that each of the SVCW member agencies make annual contributions toward their respective share of the reserve requirement for SVCW’s SRF loans. Actual SRF reserve requirements are required to be met approximately 90 days prior to the project completion date for SRF loan.
- (17) Any excess Capital & Other Non-Operating expenses are paid out of District’s cash and investments.

Source: West Bay Sanitary District.

Absence of Litigation

The District is not aware of any action, suit, or proceeding known to be pending or threatened, that would affect the execution of the District’s Financing Agreement with the Authority, or materially adversely impact the District’s finances.

Financial Statements

The District’s financial statements for the fiscal year ending June 30, 2018 are attached hereto as Exhibit I. The District’s financial statements were audited by Chavan & Associates, LLP (the “Auditor”). The Auditor’s letter concludes that the District’s financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year that ended in accordance with accounting principles generally accepted in the United States of America. The Auditor has not been asked to consent to the inclusion of the District’s audited financial statements in this Official Statement and no procedures were performed, and the Auditor has not reviewed this Official Statement.

Constitutional Limitations on Appropriations and Charges

Articles XIII A, XIII B, XIII C and XIII D of the California State Constitution were adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiatives could be proposed and adopted affecting the ability of the District to increase revenues sufficient to make payments to the Authority under the Joint Powers Agreement or the West Bay Financing Agreement.

The District is subject to the property tax limitations set forth in Article XIII A of the California State Constitution. However, no property taxes levied or collected by the District are pledged to the payment of SBSA Bond Payments under the West Bay Financing Agreement.

See the captions “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES” and “PARTICIPATING MEMBERS—Articles XIIC and XIID and the Participating Members’ Sewer Rates and Charges” in the forepart of this Official Statement.

Continuing Disclosure

The District has covenanted in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the 2019 Notes to provide certain financial information and operating data relating to the District by not later than nine months after the end of the District’s fiscal year (currently March 31) (the “Annual Report”), commencing with the Annual Report that is due March 31, 2020. The Annual Report will be filed by the District with EMMA. The specific nature of the information to be contained in the Annual Reports is set forth in Appendix G to this Official Statement. These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission.

The District has made previous undertakings under the Rule. [The District has made previous undertakings under the Rule in connection with the delivery of prior bonds. Specific instances of non-compliance by the District with prior undertakings in the previous five years include the failure to timely file its fiscal year 2013-14 audited financial statements and required operating information. In addition, no notice of failure to file with respect to the above instance of non-compliance was provided at the time of the failure. Remedial filings have been made with respect to the above instances of non-compliance.] [TO BE CONFIRMED BY APPLIED BEST PRACTICES]

In order to ensure compliance by the District with its continuing disclosure undertakings in the future, the District expects to approve disclosure procedures following issuance of the 2019 Notes.

CERTAIN PARTICIPATING MEMBER RISK FACTORS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the 2019 Notes.

Wastewater System Expenses

There can be no assurance that the wastewater system operation and maintenance expenses of the Participating Members will be consistent with the levels described in Appendices A through D to this Official Statement. Increases in the cost of staffing, energy, or other expenses could increase operation and maintenance costs of the Participating Member wastewater systems and, resultantly, reduce amounts available to the Participating Members to make payments to the Authority under the Financing Agreements or the Joint Powers Agreement. Furthermore, there can be no assurance that any other entity with regulatory authority over the Participating Members' wastewater systems will not adopt further restrictions on operation of those wastewater systems, leading to increased rates.

Demand for the Sewer Service

Demand for sewer service, as indicated by annual wastewater flows to the Authority as set forth in Appendices A through D attached hereto, has fluctuated in recent fiscal years. There can be no assurance that the demand for sewer service provided by the Participating Members' wastewater systems will be maintained at current or historical levels. Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with each Participating Member's obligations under the Financing Agreements to pay SBSA Bond Payments or Authority Bond Payments representing principal and interest on the 2019 Notes.

Senior Debt of the Participating Members

The Participating Members are authorized by the respective Financing Agreements to issue indebtedness with a lien on Net Revenues or Sewer Treatment Facility Revenues, on a senior basis to the SBSA Bond Payments or Authority Bond Payments securing the 2019 Notes, if certain financial tests are met. See the caption "SECURITY FOR THE 2019 NOTES—Financing Agreements—Additional Debt of Participating Members" herein. These financial tests may involve, to some extent, projections of Net Revenues or Sewer Treatment Facility Revenues. There can be no assurance that the assumptions which form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues or Surplus Revenues may be less than projected, and the actual amount of Net Revenues or Surplus Revenues may be insufficient to provide for the payment of the 2019 Notes.

Additionally, the obligation of Redwood City, San Carlos and West Bay to pay their share of operation and maintenance costs of the Authority is senior to their obligations to pay SBSA Bond Payments and Authority Bond Payments under the Financing Agreements, representing debt service on the Prior SVCW Bonds, the 2019 Notes and the WIFIA Loan. See Appendix F—"SUMMARY OF FINANCING AGREEMENTS" attached hereto.

Parity Debt of the Participating Members

The Participating Members are authorized by the respective Financing Agreements to incur indebtedness with a lien on Net Revenues or Surplus Revenues on a parity basis with the SBSA Bond Payments or Authority Bond Payments securing the 2019 Notes, if certain financial tests are met. See the caption “SECURITY FOR THE 2019 NOTES—Financing Agreements” herein and Appendix F—“SUMMARY OF FINANCING AGREEMENTS” attached hereto. These financial tests may involve, to some extent, projections of Net Revenues. There can be no assurance that the assumptions which form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues or Surplus Revenues may be insufficient to provide for the payment of the 2019 Notes and such additional indebtedness.

Natural Disasters

General. The Participating Members, like all northern California communities, are subject to unpredictable seismic activity, fires, floods, or other natural disasters. A severe natural disaster, such as an earthquake, fire, or flood, could result in substantial damage to each of the Participating Members, including their wastewater systems. Such an event—which could increase the costs of operating and maintaining the Participating Members’ wastewater systems and could reduce revenues as a result of widespread damage—could adversely impact the Participating Members’ ability to pay their SBSA Bond Payment or Authority Payments which represent the main source of Revenues under the Indenture for the payment of principal and interest on the 2019 Notes.

Seismic Activity. Each of the Participating Members could experience ground shaking, ground failure, landslides or fault creep related to major faults in the area. The San Andreas Fault runs near the western edge of each Participating Member’s respective service areas. Large earthquakes on the San Andreas Fault were recorded in 1838, 1865, 1890, 1906 and 1989. [Each of the Participating Members carries earthquake insurance, except for Belmont and West Bay Sanitary District].

Flooding. A portion of each of the Participating Members’ service areas is mapped within the 100-year flood plain and could be flooded during heavy rains.

Fire. Wildfires have occurred in recent years in different regions of the State and a number of fires were recently burning in California, damaging and threatening thousands of homes. There can be no assurance fires will not occur in the boundaries of the Participating Members in the future, leading to decreased usage of any of the Members’ wastewater system, and a decline in Net Revenues or Surplus Revenues available to pay debt service on the 2019 Notes.

Drought. On April 1, 2015, for the first time in California’s history, Governor Edmund G. Brown directed the SWRCB to implement mandatory water reductions in cities and towns across California to reduce water usage by 25%, which in many cases led to declines in wastewater usage as well. Although most such the mandatory water reductions have since been lifted, the State has since enacted permanent restrictions on water usage. Belmont’s wastewater system revenues are volume-based, while only the other Participating Members’ rates for non-residential customers are volume-based. There can be no assurance that future drought conditions would not re-appear in the future, leading to decreased usage of each Member’s wastewater system, and a potential decline in Net Revenues or Surplus Revenues available to the Participating Members with which to pay SBSA Bond Payments and Authority Bond Payments which represent the main source of Revenues under the

Indenture for the payment of each Participating Members' share of principal and interest on the 2019 Notes. Additionally, there can be no assurance that the State's permanent water usage restrictions will not lead to decreased usage of each Participating Members' wastewater system resulting in lower collection of volumetric rates.

Climate Change. Climate change caused by human activities may have adverse effects on the Participating Members' wastewater systems. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. Certain of the Participating Members' wastewater system facilities are located adjacent to the San Francisco Bay and may be negatively impacted by flooding and a rise in sea levels. The Participating Members each consider the potential effects of climate change in their planning.

Projections of the impacts of global climate change on the Participating Members are complex and depend on many factors that are outside the Participating Members' control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Participating Members are unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the Participating Members' past and future investment in adaptation strategies, the Participating Members can give no assurance about the net effects of those strategies and whether the Participating Members will be required to take additional adaptive mitigation measures.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of any of the Participating Members may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Limited Obligations

The SBSA Bond Payments and Authority Bond Payments are limited obligations of the Participating Members payable solely from and secured solely by the Net Revenues and Surplus Revenues, as applicable, of their respective wastewater systems. If for any reason, any Participating Member does not have Net Revenues or Surplus Revenues available in an amount sufficient to make its SBSA Bond Payments or Authority Bond Payments, the Participating Member will not be obligated to utilize any other of its funds to make SBSA Bond Payments or Authority Bond Payments.

The obligation of the Participating Members to pay the SBSA Bond Payments and Authority Bond Payments does not constitute an obligation of any Participating Member for which the Participating Member is obligated to levy or pledge any form of taxation or for which the Participating Member has levied or pledged any form of taxation. Each of the Participating Members has covenanted to establish rates and charges for its wastewater system to yield Gross Revenues or Surplus Revenues, as applicable, sufficient to make the SBSA Bond Payments and Authority Bond Payments.

The obligation of each Participating Member to pay SBSA Bond Payments or Authority Bond Payments does not constitute a debt of that Participating Member or the State or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Net Revenues or Surplus Revenues from one Participating Member's wastewater system are pledged solely to that Participating Member's obligations under the Financing Agreement to which it is a party. No Participating Member has any liability or responsibility for the SBSA Bond Payment or Authority Bond Payment of another Participating Member.

If the Gross Revenues generated by Redwood City, San Carlos or West Bay were insufficient to pay that Participating Member's Operation and Maintenance Costs and SBSA Bond Payments and Authority Bond Payments under the respective Financing Agreements, there would likely not be Net Revenues available to pay such Participating Member's allocable share of debt service on the 2019 Notes. Belmont's obligation to pay operation and maintenance costs of the Authority and its own sewer treatment facility is subordinate to its obligations relating to the Prior Belmont Bonds, the 2019 Notes and the SRF Loan under the Belmont Financing Agreement.

See the caption "SECURITY FOR THE 2019 NOTES—Financing Agreements" herein and Appendix F—"SUMMARY OF FINANCING AGREEMENTS" attached hereto.

Change in Law

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional amendment, legislation, or an initiative with the effect of reducing revenues payable to or collected by the Participating Members. Additionally, changes in State or federal regulations could result in a reduction in revenues payable to or collected by the Participating Members. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues or Surplus Revenues of a Participating Member and adversely affecting the security of the 2019 Notes.

Collection of Property Taxes

Sewer service charges from West Bay, San Carlos and Belmont are billed on San Mateo County's property tax bills. San Mateo County is on the Teeter Plan, under which the County pays each agency for the full amount of sewer service charges assessed on the County's tax rolls. The County has the option to discontinue an agency's participation in the Teeter Plan, and there is no assurance that the County or any of the Participating Members will continue to participate in the Teeter Plan.

Redwood City collects sewer charges on a combined utility bill that also includes water and garbage services.

Failure of a Participating Member to properly levy or collect service charges or fees in connection with its wastewater systems, or the discontinuance of San Mateo County's or a Participating Member's participation in the Teeter Plan, could result in a delay or decrease in the collection of Net Revenues or Surplus Revenues by a Participating Member and the failure of a Participating Member to generate Net Revenues or Surplus Revenues in an amount sufficient to pay debt service on the 2019 Notes.

Cybersecurity

The Participating Members, like many other public and private entities, rely on large and complex technology environments to conduct their operations. As recipients and providers of personal, private, or sensitive information, the Participating Members are subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Participating Members' digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, none of the Participating Members have experienced an attack on their computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the Participating Members' efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of any of the Participating Members. [Each of the Participating Members carries cybersecurity insurance.]

\$140,955,000
SILICON VALLEY CLEAN WATER
(San Mateo County, California)
2018-WASTEWATER REVENUE BONDSNOTES, SERIES 2019A

WEST BAY SANITARY DISTRICT
CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the WEST BAY SANITARY DISTRICT (the “Participating Member”) in connection with the issuance of the Silicon Valley Clean Water (San Mateo County, California) 2018-Wastewater Revenue BondsNotes, Series 2019A (the “BondsNotes”). The BondsNotes are being issued pursuant to an Indenture of Trust, dated as of ~~February~~April 1, 20182019 (the “Indenture”), by and between Silicon Valley Clean Water and ZB, National Association dba Zions Bank, as trustee. The BondsNotes are payable from revenues, including payments to be made by the Participating Member under a Financing Agreement (the “Financing Agreement”), between the Authority and the Participating Member.

The Participating Member covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Participating Member for the benefit of the holders and beneficial owners of the BondsNotes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Participating Member pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date that is nine months after the end of the Participating Member’s fiscal year (currently March 31 based on the Participating Member’s fiscal year end of June 30).

“*Dissemination Agent*” means, initially, the Participating Member, or any successor Dissemination Agent designated in writing by the Participating Member and which has filed with the Participating Member a written acceptance of such designation.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Authority in connection with the issuance of the BondsNotes.

“Participating Underwriter” means the original underwriter of the **Bonds**Notes required to comply with the Rule in connection with offering of the **Bonds**Notes.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Participating Member shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, ~~2018~~2020, with the report for the ~~2016-17~~2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. ~~The initial Annual Report for the 2016-17 fiscal year shall be satisfied by filing the Official Statement promptly following the issuance of the Bonds.~~ Not later than 15 Business Days prior to the Annual Report Date, the Participating Member shall provide the Annual Report to the Dissemination Agent (if other than the Participating Member). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Participating Member) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Participating Member to determine if the Participating Member is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the Participating Member may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Participating Member’s fiscal year changes, it shall give notice of such change in the same manner as for an Annual Report. The Participating Member shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Participating Member hereunder.

(b) If the Participating Member does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Participating Member, in a timely manner, shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City**Participating Member**, file a report with the City**Participating Member** certifying that the Annual Report has been provided under this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report for the Participating Member shall contain or incorporate by reference the following:

(a) The Participating Member’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Participating Member’s audited financial statements are not available by the Annual Report Date, the Annual Report shall

contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Participating Member for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) revenues by class of user for the Sewer Utility System for the most recently completed fiscal year;

(ii) the top ten Sewer Utility System users by revenue for the most recently completed fiscal year;

(iii) a description of any revisions to the wastewater rates which were adopted or which took effect during the most recently completed fiscal year;

(iv) the Sewer Utility System's revenues and expenses and Net Revenues, including debt service and coverage ratios, for the most recently completed fiscal year; and

(v) a description of any additional indebtedness incurred by the Participating Member during the most recently completed fiscal year which is payable from revenues of the Sewer Utility System.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Participating Member shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Participating Member or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Participating Member shall clearly identify each such other document so included by reference.

Section 5. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Participating Member's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the ~~Bonds~~Notes. If such termination occurs prior to the final maturity of the ~~Bonds~~Notes, the Participating Member shall give notice of such termination as follows: the Participating Member shall, or shall cause the Dissemination Agent (if not the Participating Member) to, file a notice of such termination with the MSRB, in an electronic format as prescribed by the MSRB.

Section 7. Dissemination Agent. The Participating Member may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a

successor Dissemination Agent. The initial Dissemination Agent shall be the Participating Member. Any Dissemination Agent may resign by providing 30 days' written notice to the Participating Member.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Participating Member may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a) or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the BondsNotes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the BondsNotes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the BondsNotes in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the BondsNotes.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Participating Member to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Participating Member from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Disclosure Certificate. If the Participating Member chooses to include any information in any Annual Report in addition to that which is specifically required by this Disclosure Certificate, the Participating Member shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report.

Section 10. Default. If the Participating Member fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the BondsNotes may take such actions as may be necessary and appropriate, including seeking

mandate or specific performance by court order, to cause the Participating Member to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Participating Member to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Participating Member agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Participating Member hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Participating Member, the Bond holders or any other party. The obligations of the Participating Member under this Section shall survive resignation or removal of the Dissemination Agent and payment of the ~~Bonds~~Notes.

(b) The Dissemination Agent shall be paid compensation by the Participating Member for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Participating Member, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the ~~Bonds~~Notes, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: ~~February 22, 2018~~April 11, 2019

WEST BAY SANITARY DISTRICT

By _____
Phil Scott
District Manager

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Silicon Valley Clean Water

Name of Issue: Silicon Valley Clean Water (San Mateo County, California)
2018 Wastewater Revenue Bonds Notes, Series 2019A

Date of Issuance: ~~February~~ April __, 2018 2019

NOTICE IS HEREBY GIVEN that the Participating Member has not provided an Annual Report with respect to the above-named ~~Bonds~~ Notes as required by the Participating Member Continuing Disclosure Certificate, dated ~~February 22, 2018~~ April __, 2019. The Participating Member anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT

By _____
By:
Its:

Document comparison by Workshare 9 on Tuesday, January 15, 2019 4:04:13 PM

Input:	
Document 1 ID	netdocuments://4836-5089-6005/1
Description	CONTINUING DISCLOSURE CERTIFICATE (WEST BAY)
Document 2 ID	netdocuments://4836-5089-6005/2
Description	CONTINUING DISCLOSURE CERTIFICATE (WEST BAY)
Rendering set	SYCR 1

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	40
Deletions	39
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	79

§
**SILICON VALLEY CLEAN WATER
(San Mateo County, California)
WASTEWATER REVENUE NOTES, SERIES 2019A**

**WEST BAY SANITARY DISTRICT
CONTINUING DISCLOSURE CERTIFICATE**

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the WEST BAY SANITARY DISTRICT (the “Participating Member”) in connection with the issuance of the Silicon Valley Clean Water (San Mateo County, California) Wastewater Revenue Notes, Series 2019A (the “Notes”). The Notes are being issued pursuant to an Indenture of Trust, dated as of April 1, 2019 (the “Indenture”), by and between Silicon Valley Clean Water and ZB, National Association dba Zions Bank, as trustee. The Notes are payable from revenues, including payments to be made by the Participating Member under a Financing Agreement (the “Financing Agreement”), between the Authority and the Participating Member.

The Participating Member covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Participating Member for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Participating Member pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date that is nine months after the end of the Participating Member’s fiscal year (currently March 31 based on the Participating Member’s fiscal year end of June 30).

“*Dissemination Agent*” means, initially, the Participating Member, or any successor Dissemination Agent designated in writing by the Participating Member and which has filed with the Participating Member a written acceptance of such designation.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Authority in connection with the issuance of the Notes.

“*Participating Underwriter*” means the original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Participating Member shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, with the report for the 2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the Participating Member shall provide the Annual Report to the Dissemination Agent (if other than the Participating Member). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Participating Member) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Participating Member to determine if the Participating Member is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the Participating Member may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Participating Member’s fiscal year changes, it shall give notice of such change in the same manner as for an Annual Report. The Participating Member shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Participating Member hereunder.

(b) If the Participating Member does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Participating Member, in a timely manner, shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Participating Member, file a report with the Participating Member certifying that the Annual Report has been provided under this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report for the Participating Member shall contain or incorporate by reference the following:

(a) The Participating Member’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Participating Member’s audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial

statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Participating Member for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) revenues by class of user for the Sewer Utility System for the most recently completed fiscal year;

(ii) the top ten Sewer Utility System users by revenue for the most recently completed fiscal year;

(iii) a description of any revisions to the wastewater rates which were adopted or which took effect during the most recently completed fiscal year;

(iv) the Sewer Utility System's revenues and expenses and Net Revenues, including debt service and coverage ratios, for the most recently completed fiscal year; and

(v) a description of any additional indebtedness incurred by the Participating Member during the most recently completed fiscal year which is payable from revenues of the Sewer Utility System.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Participating Member shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Participating Member or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Participating Member shall clearly identify each such other document so included by reference.

Section 5. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Participating Member's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Participating Member shall give notice of such termination as follows: the Participating Member shall, or shall cause the Dissemination Agent (if not the Participating Member) to, file a notice of such termination with the MSRB, in an electronic format as prescribed by the MSRB.

Section 7. Dissemination Agent. The Participating Member may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a

successor Dissemination Agent. The initial Dissemination Agent shall be the Participating Member. Any Dissemination Agent may resign by providing 30 days' written notice to the Participating Member.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Participating Member may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a) or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Notes in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Notes.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Participating Member to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Participating Member from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, in addition to that which is required by this Disclosure Certificate. If the Participating Member chooses to include any information in any Annual Report in addition to that which is specifically required by this Disclosure Certificate, the Participating Member shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report.

Section 10. Default. If the Participating Member fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the

Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Participating Member to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Participating Member to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Participating Member agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Participating Member hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Participating Member, the Bond holders or any other party. The obligations of the Participating Member under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

(b) The Dissemination Agent shall be paid compensation by the Participating Member for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Participating Member, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Notes, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Dated: April __, 2019

WEST BAY SANITARY DISTRICT

By _____
Phil Scott
District Manager

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Silicon Valley Clean Water

Name of Issue: Silicon Valley Clean Water (San Mateo County, California)
Wastewater Revenue Notes, Series 2019A

Date of Issuance: April __, 2019

NOTICE IS HEREBY GIVEN that the Participating Member has not provided an Annual Report with respect to the above-named Notes as required by the Participating Member Continuing Disclosure Certificate, dated April __, 2019. The Participating Member anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT

By _____

By:
Its:

FINANCING AGREEMENT

This FINANCING AGREEMENT (this “Agreement”), dated as of December 1, 2008, is between the SOUTH BAYSIDE SYSTEM AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “Authority”), and the WEST BAY SANITARY DISTRICT, a sanitary district duly organized and existing under the laws of the State of California (the “District”).

BACKGROUND:

1. In order to provide for the transmission, treatment and disposal of wastewater, the cities of Belmont, Redwood City and San Carlos and the West Bay Sanitary District (collectively, the “Members”) have previously entered into a Joint Exercise of Powers Agreement dated as of November 13, 1975, as amended (the “Joint Powers Agreement”), under which the Authority has been organized as a joint powers authority which is a public entity separate and apart from the Members.

2. Under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related facilities which serve the Members, and the Commission of the Authority has approved a 10-Year Capital Improvement Program for the construction of improvements to such plant and facilities, including improvements which solely benefit individual Members.

3. In order to provide financing for such improvements, the Authority intends to issue its tax-exempt bonds, notes or other obligations in series from time to time in accordance with the Joint Powers Agreement (collectively, the “Bonds”).

4. Under the Joint Powers Agreement, the Members are obligated to pay their allocable share of debt service on the Bonds, as such allocable shares are determined in accordance with the existing provisions of the Joint Powers Agreement.

5. The Authority and the District wish to enter into this Agreement in order to implement the existing provisions of the Joint Powers Agreement with respect to the repayment of the Bonds and to provide adequate security for the Bonds..

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Authority formally agree as follows:

Section 1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the terms defined in the recitals above and in Appendix A hereto have the respective meanings given those terms when used in this Agreement. Capitalized terms which are defined in the Joint Powers Agreement and which are not otherwise defined herein shall have the respective meanings given those terms in the Joint Powers Agreement.

Section 2. Issuance of Bonds; Deposit of Bond Proceeds. Upon the issuance of any series of Bonds, the Authority shall determine whether and to what extent the Members will benefit from the respective projects to be financed from the proceeds of such series of Bonds. The Authority shall establish separate funds for each Member and shall deposit therein such portion of the proceeds of the Bonds as the Authority determines will be expended for projects which are of benefit to such Member;

provided, however, that any Bond proceeds which the Authority determines will be expended to finance projects which are of proportionate benefit to all of the Members shall be deposited into a separate fund to be expended only for such projects.

The Authority hereby agrees that it will not issue any series of Bonds unless the issuance of such series of Bonds has been duly approved by resolution of the Commission of the Authority at an open public meeting which is conducted in accordance with the Joint Powers Agreement and all applicable provisions of law.

Section 3. Debt Service Payments. With respect to any series of Bonds, the District shall be solely responsible for payment of its Allocable Share of the Bond Interest and Redemption Expenses relating to such series of Bonds. Payment of SBSA Bond Payments by the District shall be made as follows:

(a) Structure of District's Obligations. At least 30 days prior to the sale of any series of Bonds, the District shall inform the Authority of its preferred period for amortizing the SBSA Bond Payments and whether and for what period it prefers to capitalize the interest portion of the SBSA Bond Payments, and the Authority shall make its best efforts to structure the Bond issue to accommodate such preferences.

(b) Payment Dates and Amounts. The District shall pay the SBSA Bond Payments in semiannual installments in the amounts and at the times set forth in the Payment Schedule for such series of Bonds.

(c) Payment Schedule. Upon the sale of any series of Bonds, the Authority shall determine the SBSA Bond Payments for such series of Bonds. Prior to the issuance of such series of Bonds the Authority shall file with the District a Payment Schedule showing the amount and date of each SBSA Bond Payment and setting forth the provisions relating to prepayment of such SBSA Bond Payments.

(d) Credit for Reserve Fund and Debt Service Fund Earnings. In determining the amount of the SBSA Bond Payment which the District is required to pay on any semiannual payment date or prepayment date, the District shall be credited for an Allocable Share of any earnings which have been received from the investment of any reserve funds or debt service funds which are established for the Bonds.

(e) Payments to Bond Trustee. At the written direction of the Authority, the District shall pay the SBSA Bond Payments to the Bond Trustee or other assignee of the Authority. In the absence of such written direction, the District shall pay the SBSA Bond Payments to the Authority.

Section 4. Pledge of Net Revenues. The District hereby establishes a pledge of, lien on and security interest in all of the Net Revenues to secure the SBSA Bond Payments.

The District shall deposit all of the Gross Revenues in the Wastewater Fund immediately upon receipt. Amounts on deposit in the Wastewater Fund will be applied by the District to pay when due the following amounts in the following order of priority:

- (a) all Operation and Maintenance Costs;
- (b) the SBSA Bond Payments with a pledge of and first lien on Net Revenues and all payments of principal of and interest and premium (if any) on outstanding Parity Debt;

(c) any other payments required to comply with the provisions of the Joint Powers Agreement and any Parity Debt Documents; and

(d) any other lawful purposes of the Wastewater System, **including, but not limited to payment of SBSA Bond Payments with a subordinate pledge of and second lien on Net Revenues and all payments of principal of and interest and premium (if any) on outstanding Subordinate Debt.**

The District shall manage, conserve and apply amounts on deposit in the Wastewater Fund in such a manner that all deposits required to be made under Section 4 will be made at the times and in the amounts so required. So long as the District is not in default in the payment of the SBSA Bond Payments or the payment of principal of and interest and premium (if any) on outstanding Parity Debt **and Subordinate Debt**, the District may use and apply amounts in the Wastewater Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the acquisition and construction of improvements to the Wastewater System, (iii) the establishment of a rate stabilization fund, or (iv) any other lawful purposes of the District.

Section 5. Special Obligation of the District; Obligations Absolute. The District's obligation to pay the SBSA Bond Payments and any other amounts coming due and payable hereunder is a special obligation of the District limited solely to the Net Revenues. Under no circumstances is the District required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the SBSA Bond Payments and such other amounts. No other funds or property of the District are liable for the payment of the SBSA Bond Payments and any other amounts coming due and payable hereunder.

The obligations of the District to pay the SBSA Bond Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority of any obligation to the District or otherwise with respect to the Wastewater System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Authority. Until all of the SBSA Bond Payments are fully paid or prepaid, the District will (a) not suspend or discontinue payment of any SBSA Bond Payments, (b) perform and observe all other agreements contained in this Agreement, and (c) not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Wastewater System, failure to complete the acquisition and construction of the Project by the estimated completion date thereof, sale of the Wastewater System, the taking by eminent domain of title to or temporary use of any component of the Wastewater System, commercial frustration of purpose, any change in the tax or law other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture or this Agreement.

Section 6. Rates and Charges.

(a) **Gross Revenue Covenant.** The District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Sewer Utility System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay all obligations of the District which are charges,

liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues in such Fiscal Year, including all SBSA Bond Payments and payments of principal of and interest on Parity Debt.

(b) Net Revenue Covenant. In addition, the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Sewer Utility System during each Fiscal Year which are sufficient to yield Net Revenues at least equal to 120% of the SBSA Bond Payments and payments of principal of and interest on Parity Debt coming due in such Fiscal Year. The amount of the Unencumbered Fund Balance as of the last day of the immediately preceding Fiscal Year shall be credited towards the District's obligations under this subsection (b), in an amount not to exceed 20% of the SBSA Bond Payments and payments of principal of and interest on Parity Debt referred to in the preceding sentence.

(c) Treatment of Subordinate Debt for Rate Covenant Calculations. Debt service on Subordinate Debt shall be included for purposes of the calculations set forth in Section 6(a). Debt service on Subordinate Debt and SBSA Payments which have a subordinate pledge of and second lien on Net Revenues shall not be included in the calculations set forth in Section 6(b).

Section 7. No Senior Lien Debt. So long as the SBSA Bond Payments remain unpaid, the District shall not issue or incur any additional bonds or other obligations which are senior to the SBSA Bond Payments.

Section 8. Issuance of Parity Debt and Subordinate Debt. The District may issue Parity Debt ~~which is payable from and secured by a pledge of and lien on the Net Revenues on a parity with the SBSA Bond Payments,~~ upon satisfaction of the following conditions:

(a) The District is not then in default in the payment of the SBSA Bond Payments and in the payment of principal of and interest on any Parity Debt.

(b) The amount of Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the latest Fiscal Year for which audited financial statements are available, or as shown by the books of the District for any more recent 12-month period selected by the District, are at least equal to 120% of the amount of Maximum Annual Debt Service. For purposes of determining the amount of Net Revenues under this subsection, the following shall apply:

(i) the amount of Net Revenues may be increased to reflect any increase in the rates and charges levied for service from the Wastewater System which has been adopted prior to the date the Parity Debt is issued, in an amount by which the Net Revenues would have been increased if such increase in charges (based on the highest adopted rate which will be in effect for any of the next three Fiscal Years) had been in effect during the whole of such Fiscal Year or other 12-month period;

(ii) the amount of Net Revenues may be increased (in an amount not exceeding 20% of Maximum Annual Debt Service) by the amount of Unencumbered Fund Balances as of the last day of the immediately preceding Fiscal Year; and

(iii) the amount of Net Revenues may be increased to take into account any additions or improvements to or extensions of the Wastewater System to be financed from the proceeds of such Parity Debt or from any other source but in any case which, during all or any part of such Fiscal Year or other 12-month period, were not in service, in an amount equal to the estimated additional

average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is to be in operation, all as shown by the certificate or opinion of a qualified independent engineer or qualified independent financial consultant employed by the District.

(c) The District shall comply with all conditions to the issuance of Parity Debt as set forth in the any Parity Debt Documents.

(d) The District may issue Subordinate Debt upon satisfaction of the following conditions: (a) the District is not then in default in the payment of the SBSA Bond Payments and in the payment of principal of and interest on any Parity Debt or any Subordinate Debt; and (b) the amount of Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the latest Fiscal Year for which audited financial statements are available, or as shown by the books of the District for any more recent 12-month period selected by the District, after taking into account any adjustments set forth in Section 8(b)(i) through (iii) above, and after the payment of SBSA Bond Payments which have a first lien on Net Revenues and Parity Debt, are at least equal to 100% of the amount of Maximum Annual Debt Service on outstanding Subordinate Debt.

The District shall not issue or incur any additional bonds or other obligations during the Term of this Agreement having any priority in payment of principal or interest out of the Gross Revenues or the Net Revenues over the SBSA Bond Payments. Nothing herein limits or affects the ability of the District to issue or incur obligations (a) the proceeds of which are applied to refund the SBSA Bond Payments in whole or in part, (b) which are unsecured or (c) which are secured by an interest which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder, **or (d) the issuance of Parity Debt in accordance with Section 8(a) through (c) hereof.**

Section 9. Issuance of Subordinate Debt. Nothing in Section 7 or in Section 8 limits or affects the ability of the District to issue or incur obligations which are unsecured or which are secured by an interest which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder.

Section 10. Operation and Insurance of the Wastewater System. The District covenants and agrees to operate the Wastewater System in an efficient and economical manner and to operate, maintain and preserve the Wastewater System in good repair and working order. The District shall at all times maintain with responsible insurers all such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District, the Authority, the Bond Trustee and the Owners of the Bonds.

Section 11. Records and Accounts. The District shall keep proper books of record and accounts of the Wastewater System in which complete and correct entries are made of all transactions relating to the Wastewater System. Said books shall, upon prior request, be subject to the reasonable inspection of the Authority and the Bond Trustee, or their representatives authorized in writing, upon not less than two business days' prior notice to the District. The District shall cause the books and accounts of the Wastewater System to be, audited annually by an Independent Accountant not more

than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Authority and the Bond Trustee. Such report may be part of a combined financial audit or report covering all or part of the District's finances.

Section 12. Tax Covenants.

(a) Private Business Use Limitation. The District shall assure that the Wastewater System is not used in a manner which would cause any issue of Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The District may not take any action or permit or suffer any action to be taken with respect to the Wastewater System if the result of the same would be to cause any issue of Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated the amount of excess investment earnings on the Bonds in all respects at the times and in the manner required under the Tax Code, and shall pay the full amount of any such excess investment earnings to the United States of America when and as due. In the event and to the extent the Authority reasonably determines that any such excess investment earnings are allocable to the District, the District shall pay the amount thereof to the Authority from available Net Revenues.

Section 13. Cooperation with Bond Issuance. The District agrees that it will execute and deliver any and all such closing certificates, agreements, instruments or other assurances as may be reasonably necessary or requested by the Authority to consummate the issuance and sale of the Bonds. Without limiting the generality of the foregoing, the District agrees to:

(a) furnish the Authority such financial and operating information as the Authority shall reasonably request for disclosure in any official statement or other prospectus which is prepared in connection with the issuance of the Bonds; and

(b) execute and deliver a Continuing Disclosure Certificate in connection with each series of Bonds, in substantially the form attached hereto as Appendix B.

Section 14. Termination or Amendment. In the event that the Authority assumes responsibility for setting rates and receiving revenues of the Wastewater System, the District and the Authority may declare the District's obligations hereunder discharged in whole or in part by termination or amendment of this Agreement. **This Agreement may only be amended by a written instrument duly authorized and executed by the Authority and the District.**

Section 15. Governing Law. This Agreement will be construed in accordance with and governed by the laws of the State of California.

Section 16. Binding Effect. This Agreement inures to the benefit of and is binding upon the Authority, the District and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 17. Severability of Invalid Provisions. If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability will not affect any other

provision of this Agreement, and this Agreement will be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the District each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 18. Payment on Non-Business Days. Whenever any payment is required to be made hereunder on a day which is not a business day, such payment will be made on the immediate preceding business day.

Section 19. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which together constitute but one and the same instrument.

Section 20. Third Party Beneficiaries. The Bond Trustee and any insurer of the Bonds are each hereby made a third party beneficiary hereof and are entitled to the benefits of this Agreement with the same force and effect as if the Bond Trustee and Bond insurer were a party hereto.

IN WITNESS WHEREOF, the Authority and the District have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

By: _____

By: _____

ATTEST:

By: _____

APPENDIX A

DEFINED TERMS

“Allocable Share” means, with respect to an series of Bonds, the portion of the Bond Interest and Redemption Expenses relating to such series of Bonds which are allocated to the District as determined in accordance with the Joint Powers Agreement.

“Annual Debt Service” means:

(a) the amount of principal of and interest on all outstanding Parity Debt coming due and payable by their terms in such Fiscal Year (but excluding Excluded Principal); and

(b) the amount of principal of and interest on all outstanding Subordinate Debt coming due and payable by their terms in such Fiscal Year (but excluding Excluded Principal);

provided that with respect to such Parity Debt or Subordinate Debt, as the case may be:

(1) obligations bearing or comprising interest at other than a fixed rate, the rate of interest used shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of (i) the then current variable interest rate borne by such obligations, plus 1%, and (ii) if such obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such obligations have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the obligations to be incurred;

(2) if any of such obligations have twenty-five percent (25%) or more of the aggregate principal amount due in any one year, Annual Debt Service shall be determined for the period of determination as if the principal of and interest on such obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation;

(3) as to any obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such obligations or portions thereof, such accreted discount shall be treated as interest in the calculation of Annual Debt Service; and

(4) the amount on deposit in a debt service reserve fund on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of the obligations for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

“Bond Interest and Redemption Expenses” has the meaning given that term in the Joint Powers Agreement.

“Bond Trustee” means, with respect to any series of Bonds, the entity which acts as trustee or fiscal agent for such Bonds.

“Bonds” means any bonds, notes, loans, or other obligations issued or incurred by the Authority in accordance with the Joint Powers Agreement to ~~provide financing for~~ finance or refinance the Project which are expressly secured by SBSA Bond Payments, excluding any loan made to the Authority by the State Water Resources Control Board under its revolving loan program.

“Excluded Principal” means each payment of principal of any obligation for which there is on file with the Authority and each trustee for Parity Debt and Subordinate Debt (i) a certificate of a municipal advisor filed with the Authority and each trustee with respect to Parity Debt and Subordinate Debt to the effect that such obligation is commercial paper or otherwise of a revolving nature and has a maturity of not more than 60 months or (ii) a certificate of municipal advisor filed with the Authority and each trustee with respect to Parity Debt and Subordinate Debt that the District intends to pay such principal from the proceeds of bonds, notes or other obligations or other moneys other than Net Revenues. No such determination shall affect the security for such obligations or the obligation of the District to pay such obligations from Net Revenues.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other 12-month period selected and designated by the District as its official fiscal year period.

“Gross Revenues” means all gross charges received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Wastewater System or otherwise arising from the Wastewater System, including but not limited to investment earnings thereon and including connection or capacity charges; but excluding (a) the proceeds of any ad valorem property taxes levied for the purpose of paying general obligation bonds of the District relating to the Wastewater System, (b) the proceeds of any special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Wastewater System; and (c) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the District, or contributions in aid of construction.

“Maximum Annual Debt Service” means, with respect to Parity Debt or Subordinate Debt, as of the date of any calculation, the maximum ~~sum obtained~~ Annual Debt Service for the current or any future Fiscal Year ~~by totaling the following amounts for such Fiscal Year: (a) the aggregate amount of the SBSA Bond Payments coming due and payable in such Fiscal Year; and (b) the amount of principal of and interest on all outstanding Parity Debt coming due and payable by their terms in such Fiscal Year~~ for such Parity Debt or Subordinate Debt, as the case may be.

“Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Wastewater System, determined in accordance with generally accepted accounting principles, including but not limited to (a) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Wastewater System in good repair and working order, (b) amounts payable for operation and maintenance under the Joint Powers Agreement, and (c) all administrative costs of the District that are charged directly or apportioned to the operation of the Wastewater System, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums. “Operating and Maintenance Costs” does not include (i) payments of debt service on bonds, notes or other obligations issued by the District with respect to the Wastewater System, (ii) payments made by the District under the Joint Powers Agreement in respect of debt service on notes, bonds or other obligations issued by the Authority to finance the project, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

“Parity Debt” means any bonds, notes, leases, installment sale agreements or other obligations of the District payable from and secured by a ~~pledge of and lien upon any of the Net Revenues on a parity with the SBSA Bond Payments, entered into or issued under and in accordance with Section 8.~~ The term “Parity Debt” does not include any obligations of the Authority which are payable to the California State Water Resources Control Board, which are not secured directly or indirectly by a pledge of and first lien upon the Net Revenues, entered into or issued in accordance with Section 8(a) through (c).

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement, loan agreement, installment sale agreement or other document authorizing the issuance of any Parity Debt.

“Payment Schedule” means, with respect to a series of Bonds, a schedule prepared by the Authority and filed with the District under Section 3(c) hereof showing the amount and date of each SBSA Bond Payment relating to such series of Bonds, and setting forth the provisions relating to prepayment of such SBSA Bond Payments.

“SBSA Bond Payments” means the amounts paid by the District under this Agreement representing payments of principal of and interest and redemption premium (if any) on an Allocable Share of the Bonds.

“Subordinate Debt” means any additional bonds, notes, leases, installment sale agreements or other obligations of the District payable from and secured by a subordinate pledge of and second lien upon any of the Net Revenues, entered into or issued in accordance with Section 8(d).

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Unencumbered Fund Balance” means, for any Fiscal Year, the balance of Net Revenues remaining on deposit in any of the funds and accounts of the District (including but not limited to the Sewer Utility Fund and any rate stabilization fund established by the District) as of the last day of such Fiscal Year, as shown on the books of the District, which may lawfully be used to pay the SBSA Bond Payments. The amount of the Unencumbered Fund Balance as of the last day of any Fiscal Year does

not include any funds which the District determines will be required for payment of the SBSA Bond Payments or the principal of and interest on any Parity Debt during the next six months.

“Wastewater Fund” means the fund or funds established and held by the District with respect to the Wastewater System for the receipt and deposit of Gross Revenues.

“Wastewater System” means the entire system of the District for the collection and transmission of wastewater, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the District for the collection and transmission of wastewater within the service area of the District, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District.

Document comparison by Workshare 9 on Tuesday, January 15, 2019 4:03:09 PM

Input:	
Document 1 ID	file://C:\Users\lchan\Desktop\Word Version of Orignal West Bay Financing Agreement.docx
Description	Word Version of Orignal West Bay Financing Agreement
Document 2 ID	file://C:\Users\lchan\Desktop\Amended West Bay Financing Agreement.docx
Description	Amended West Bay Financing Agreement
Rendering set	SYCR 1

Legend:	
<u>Insertion</u>	
Deletion	
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Style change	
Format change	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	30
Deletions	9
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	47

RESOLUTION NO. _____ - _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WEST BAY SANITARY DISTRICT ~~APPROVING DOCUMENTS AND ACTIONS RELATING TO~~ AUTHORIZING EXECUTION AND DELIVERY OF AN AMENDMENT TO JOINT POWERS AGREEMENT AND AN AMENDMENT TO FINANCING AGREEMENT WITH SILICON VALLEY CLEAN WATER 2018 WASTEWATER REVENUE BONDS RELATING TO A WIFIA LOAN AGREEMENT AND REVENUE NOTES AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

WHEREAS, in order to provide for the transmission, treatment and disposal of wastewater, the ~~Cities~~ City of Belmont, ~~the City of~~ Redwood City ~~and, the City of~~ San Carlos and the West Bay Sanitary District (collectively, the “Members”) have previously entered into a Joint Exercise of Powers Agreement, dated as of November 13, ~~1975~~ 1975, as amended to the date hereof (as amended, the “Joint Powers Agreement”), under which Silicon Valley Clean Water (formerly known as the South Bayside System Authority) has been organized as a joint powers authority (the “Authority”), which is a public entity separate and apart from the Members; and

WHEREAS, under the Joint Powers Agreement, the Authority owns and operates a sub-regional wastewater treatment plant and related conveyance facilities which serve the Members (the “Project”), and in order to provide financing for the Project the Authority has previously issued ~~its~~ multiple series of its Wastewater Revenue Bonds; and the West Bay Sanitary District (the “District”) has entered into a financing agreement, as amended to the date hereof (the “Original Financing Agreement”), with respect to such bond issues; and

WHEREAS, ~~the Board of Directors of the District has previously approved a Financing Agreement dated as of December 1, 2008, as amended, between the District and the Authority (the “Financing Agreement”) in order to facilitate the issuance of tax-exempt bonds, notes or other obligations in series from time to time to provide financing for the Project, in accordance with the Joint Powers Agreement and the laws of the State of California, and to implement provisions of the Joint Powers Agreement with respect to the repayment of, and to provide adequate security for, such bonds, notes or other obligations; and~~ in order to provide funds to finance and refinance additions to the Project, the Authority is proposing to execute and deliver a loan agreement with the United States Environmental Protection Agency, as WIFIA lender (the “WIFIA Loan Agreement”), for a loan under the authority of the Water Infrastructure Finance and Innovation Act (the “WIFIA Loan”); and

WHEREAS, in order to provide ~~additional~~ interim financing for additions to the Project, the Authority has ~~proposed to issue its Silicon Valley Clean Water (San Mateo County, California) 2018 Wastewater Revenue Bonds in the aggregate principal amount of not to exceed \$160,000,000 (the “2018 Bonds”), with Net Proceeds of \$149 Million~~ is proposing to issue notes prior to the draw on the WIFIA Loan by the Authority; and

WHEREAS, under the Joint Powers Agreement, the Members are obligated to pay their allocable share of debt service on the ~~2018 Bonds~~ WIFIA Loan and, prior to the draw on the

WIFIA Loan, the notes, as such allocable shares are determined in accordance with the provisions of the Joint Powers Agreement; and

WHEREAS, the Authority has requested that the District enter into a second amendment to the Original Financing Agreement (the “Second Amendment to Financing Agreement, and, together with the Original Financing Agreement, the “Financing Agreement”) in order to clarify certain provisions of the Joint Powers Agreement with respect to the repayment of the WIFIA Loan and, prior to the draw on the WIFIA Loan, the notes; and

WHEREAS, this Board of Directors (the “Board of Directors”) desires to approve a Ninth Supplement to the Joint Powers Agreement, dated as of April 1, 2019 by and among the District and the other Members (the “Ninth Supplement to the Joint Powers Agreement”) to clarify certain provisions thereof relating to the WIFIA Loan and, prior to the draw on the WIFIA Loan, the notes; and

WHEREAS, pursuant to Government Code Section 5852.1 which became effective on January 1, 2018 by the enactment of Senate Bill 450, 5852.1, certain information relating to the portion of the 2018 Bonds which is allocable to the District Financing Agreement is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

WHEREAS, ~~the~~this Board of Directors of the District (the “Board of Directors”) wishes to approve the Second Amendment to Financing Agreement, and related documents and actions relating to the 2018 Bonds, in furtherance of the public purposes of the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the West Bay Sanitary District, California, as follows:

Section 1. Amendment to the Joint Powers Agreement. The Ninth Supplement to the Joint Powers Agreement is hereby approved substantially in the form of the copy thereof on file with the Secretary, to which copy reference is hereby made for the full particulars thereof, and the President, the Treasurer or the District Manager are each hereby authorized and directed to execute said amendment and the Secretary is hereby authorized and directed to attest thereto, for and on behalf of the District.

Section 2. Section 4. Execution and Delivery of WIFIA Loan Agreement and the Issuance of 2018 Bonds the Notes. The Board of Directors hereby consents to the execution and delivery of the WIFIA Loan Agreement to provide additional financing for the Project and the issuance of the 2018 Bonds notes by the Authority for the purpose of providing additional interim financing for the Project; provided however, that the principal amount of the WIFIA Loan and the principal amount of the notes allocated to the District, in each case, shall not exceed \$_____.

Section 3. Approval of Second Amendment to Financing Agreement. The Board of Directors hereby approves the Second Amendment to Financing Agreement between the Authority and the District in substantially in the form of the copy thereof on file with the Secretary, to which copy reference is hereby made for the full particulars thereof, and the President, the Treasurer or the District Manager are each hereby authorized and directed to execute said amendment and the Secretary is hereby authorized and directed to attest thereto, for and on behalf of the District.

Section 4. ~~**Section 2.—District Portion of Official Statement.**~~ The Board of Directors hereby deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, approves the preparation and distribution of Appendix C to the Preliminary Official Statement relating to the 2018 Bonds for the notes (the “Preliminary Official Statement”), which contains financial and operating information relating to the District (the “District Portion”), in substantially the form on file with the Secretary of the District, is hereby approved, subject to final approval as to form by Bond Counsel to the Authority. The District Manager ~~and/or~~ the Secretary, or the written designee of either of them (each, a “Designated Officer”), are each hereby authorized, at the request of the purchaser of the 2018 Bonds, to execute an appropriate certificate affirming a determination that such Appendix C has been deemed final. The Designated Officers, each acting alone, to execute a certificate pursuant to Rule 15c2-12 and Rule 10b-5 promulgated under the Exchange Act, relating to the District Portion of the Preliminary Official Statement. The District Manager or the Secretary are each hereby authorized and directed to approve any changes in or additions to the portions of the Preliminary Offering Statement and the Final ~~Final~~ Official Statement ~~that~~ which relate to the District. ~~**Section 3. The District Manager or the Secretary are each hereby authorized and directed to approve and deliver the District Portion of the Official Statement for the notes (the “Official Statement”) in substantially the form provided for the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by such officers. The District Manager or the Secretary are each authorized and directed to execute and deliver a certificate to the Authority pursuant to Rule 10b-5 promulgated under the Exchange Act, with respect to the District Portion of the Official Statement.**~~

Section 5. **Approval of Continuing Disclosure Certificate.** The Board of Directors hereby approves the form of the Continuing Disclosure Certificate to be delivered by the District with respect to the ~~2018 Bonds~~ notes, in the form on file with the Secretary together with any modifications thereof as may be approved by ~~a Designated Officer~~ the District Manager or the Secretary, whose execution thereof shall be conclusive evidence of the approval of any such modifications. ~~A Designated Officer is~~ The District Manager and the Secretary are each hereby authorized and directed to ~~execute~~ execute the final form of the Continuing Disclosure Certificate for and on behalf of the District.

Section 6. ~~**Section 4.—Approval of Closing Documents.**~~ The President, the District Manager, the Treasurer and the Secretary and their duly authorized deputies, designees or agents are each hereby authorized and directed, in their respective official capacities, to execute or attest thereto, any and all closing certificates which are necessary or appropriate to effectuate the purposes of the Financing Agreement, the execution and delivery of the WIFIA Loan Agreement and the issuance and sale of the 2018 Bonds notes by the Authority.

Section 7. ~~**Section 5.—Effective Date.**~~ This Resolution shall take effect immediately upon its passage and adoption.

* * * * *

I hereby certify that the foregoing Resolution was passed and adopted by the Board of Directors of the West Bay Sanitary District at a regular meeting thereof duly held on ~~January 24, 2018~~, April , 2019, by a vote of a majority of its members.

AYES:

NOES:

ABSENT:

ABSTAIN:

President of the District Board of the
West Bay Sanitary District of San
Mateo County, State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

EXHIBIT A

**REQUIRED GOOD FAITH ESTIMATES PURSUANT TO
GOVERNMENT CODE SECTION 5852.1**

GOVERNMENT CODE SECTION 5852.1

(SB 450 effective January 1, 2018)*

1. ~~True Interest Cost of the 2018 Bonds: 3.24%.~~
2. ~~Finance charge for the portion of the 2018 Bonds which is allocable to the District, being the sum of all fees and charges paid to third parties (Costs of Issuance of approximately \$98,803 plus estimated underwriter's compensation and bond insurance assuming bond insurance is obtained): \$326,618.~~
3. ~~Amount of proceeds of the 2018 Bonds expected to be received by the Authority which is allocable to the District, net of proceeds for Costs of Issuance described in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the proceeds of the 2018 Bonds: \$35,328,026.~~
4. ~~Total payment amount for the portion of the 2018 Bonds which is allocable to the District, being the sum of (a) debt service to be paid on the 2018 Bonds to final maturity, plus (b) any financing costs not paid from proceeds of the 2018 Bonds: \$55,862,856.~~

~~**All amounts and percentages are estimates, and are made in good faith by the Authority based on information available as of the date of adoption of this Resolution. Estimates include certain assumptions regarding tax exempt rates available in the bond market at the time of pricing the 2018 Bonds.*~~

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WEST BAY SANITARY DISTRICT AGENDA ITEM 4

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: *Consider to Approve a Resolution of the Board of the West Bay Sanitary District for the Issuance of up to \$64 Million of Solid Waste Enterprise Bonds to Refinance Outstanding Bonds of the South Bayside Waste Management Authority and to Finance Certain Improvements to the Solid Waste Management Facilities of the South Bayside Waste Management Authority*

Background

In August 2009, the SBWMA issued \$53,500,000 tax-exempt Solid Waste Enterprise Revenue Bonds, Series 2009A to fund improvements to the Shoreway Environmental Center. Currently, \$44,685,000 of the 2009A Bonds remains outstanding.

The 2009A Bonds were issued during a high interest rate period, and currently SBWMA is paying interest on the 2009A Bonds ranging from 5% to 6.25%. Given the current level of tax-exempt interest rates, a refunding of the 2009A Bonds produces strong present value savings as current borrowing rates, inclusive of transaction expenses, are significantly lower than when the 2009A Bonds were originally issued. Tax law stipulates that the 2009A Bonds must be refunded on a "current" basis (on or after 90 days before the September 1, 2019 call date). As such, the first possible date that the 2009A Bonds can be refunded is June 1, 2019. If refunded on June 1, 2019 as proposed, the outstanding 2009A Bonds would be redeemed with the proceeds of the proposed 2019 Refunding Bonds at their first optional redemption date, September 1, 2019.

Analysis

Based on current market interest rates, a refunding of the 2009A Bonds is estimated to generate approximately \$10.0M in present value savings. The execution of a refunding transaction creates a one-time, unique opportunity for SBWMA to raise additional new money proceeds while accessing the capital markets by deploying refunding savings to raise new capital while also considering the issuance of additional debt.

A Bond Refunding Work Plan was approved by the SBWMA Board on September 27, 2018. Table 1 below illustrates the subsequent equipment and financing project review milestones, culminating in the SBWMA Board's approval of the Plan of Finance Approach, as presented at its March 28, 2019 Board Meeting.

**Table 1
2019 Bond Issuance Milestones**

Date/Meeting	Action Item / Approval
September 27, 2018: Board Meeting	<ul style="list-style-type: none"> • Approval – Bond Refunding Work Plan
October 3 & 10, 2018: Zero Landfill Committee Meeting	<ul style="list-style-type: none"> • Presentation and Discussion – Organics to Energy (O2E) Project and AB1383
November 2, 2018	<ul style="list-style-type: none"> • Municipal Advisor RFQ Issued
November 5, 2018: Finance Committee Meeting	<ul style="list-style-type: none"> • Discussion – Capital Improvement Projects
November 15, 2018: Board Meeting	<ul style="list-style-type: none"> • Approval – Organics to Energy Pilot Project • Approval – Executive Director to Execute Contract for Municipal Advisor Services
January 4, 2019	<ul style="list-style-type: none"> • Contracted with KNN Public Finance to serve as Municipal Advisor.
January 10: Finance Committee Meeting	<ul style="list-style-type: none"> • Discussion – Capital Funding Plan • Presentation – MRF Equipment Upgrades
January 24: Board Meeting	<ul style="list-style-type: none"> • Presentation – Financing Objectives and Alternatives
February 14: Finance Committee Meeting	<ul style="list-style-type: none"> • Discussion – Plan of Finance • Study Session – MRF Equipment Upgrades
February 28: Zero Landfill Committee Meeting	<ul style="list-style-type: none"> • Study Session – MRF Equipment Upgrades
February 28: BOD Meeting	<ul style="list-style-type: none"> • Presentation – Financing Alternatives • Presentation – MRF Processing Equipment Upgrades • Favorable Straw Pole on Capital Improvements, Bond Refunding and New Money Issuance • Approval – Bond & Disclosure Counsel and Underwriter Appointment
March 28: Board Meeting	<ul style="list-style-type: none"> • Approval – Plan of Finance Approach

Date/Meeting	Action Item / Approval
April 10	<ul style="list-style-type: none"> Model staff report and resolution approving the issuance of 2019 Bonds to Member Agencies
April 11: Finance Committee (pending)	<ul style="list-style-type: none"> Presentation - overview of financing documentation and issuance parameters
April 25: Board Meeting (pending)	<ul style="list-style-type: none"> Adopt resolution recommending approval of the 2019 Bonds to Member Agencies

Overview of the 2019 Bond Issuance

The proposed bonds will be issued to (i) refund the SBWMA’s Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2009A (the “2019 Refunding Bonds”) and (ii) pay the cost of certain improvements to the SBWMA’s solid waste management facilities (the “2019 Revenue Bonds” and, together with the 2019 Refunding Bonds, the “2019 Bonds”). The 2019 Bonds will also fund a deposit to the Reserve Account and pay costs of issuance on the 2019 Bonds.

The anticipated savings expected to be generated through the 2019 Refunding Bonds creates an opportunity for SBWMA to raise \$20M in new money proceeds by deploying the refunding savings to raise new money capital (\$10.0M) in tandem with the issuance of additional debt (approximately \$10.0M) to fund priority capital projects of the SBWMA with minimal impact to the SBWMA’s current annual debt service payment obligations.

Overall, the objective of the issuance of the 2019 Bonds is to maintain an aggregate average annual debt service payment near SBWMA’s current annual obligation on the 2009A Bonds (\$4.1M annually) while also extending the final maturity of the combined issuance by six (6) years (from September 1, 2036 to September 1, 2042) to allow for the additional new money capital. This issuance approach is supported by the SBWMA Finance Committee and SBWMA Board. See Attachment B – Bond Plan of Finance Slides.

SBWMA Capital Projects to be Financed with the 2019 Bonds

Table 2: Capital Projects Use of Funds

South Bayside Waste Management Authority Capital Improvement Projects and Sources of Funds		
Project	Agency Cost	Financial Benefit
MRF Sort System Upgrades	\$15.58 MM	6.3 years Payback (with interest)
O2E Pilot Project	\$2.25 MM	Cost Neutral
Other Capital Projects	\$2.17 MM	Cost Neutral
	\$20.0 MM	

Materials Recovery Facility (MRF) Equipment Upgrades (\$15.6M).

The proposed equipment upgrades, consisting of Phase I and Phase II, provide strong operational enhancements that will financially benefit the SBWMA for the next twelve years. The Phase I Upgrades includes three projects: 1) Optical Sort of Small Fiber (\$4.2M); 2) Robotic Sorting of Residue/QC System (\$1.6M); and 3) Enhanced Glass Cleanup System (\$684K) – providing financial, commodity market, and operational enhancements. The Phase II Upgrades consist of six-optical sorters to be installed in place of some sort labor to significantly upgrade mixed paper to High-Grade paper and recover additional recyclables. Phase I Upgrades are designed to be installed prior to Phase II so that the improvements in commodity quality can be assessed in the final design of Phase II Upgrades.

The financial benefit over the 12-year useful life of the equipment is estimated to be \$29.6M, resulting in an estimated net financial benefit of \$14.1M (including equipment interest expense). See Table 3 below. The financial benefit is achieved through increased commodity capture (new revenue) and reduced labor expense. New revenue will be increased by improving commodity material sorting efficiency and accuracy, resulting in higher grade material that can be marketed at its maximum value. Manual sort labor expense will also be reduced by installing high efficiency optical and robotics sorting systems. In addition, the equipment will increase the plant's throughput of materials, achieve increased fire risk mitigation and protect from landfilling paper. A detailed description of the MRF Equipment Upgrades, associated benefits and third-party justification can be found in **Attachment A – February 2019 BOD Presentation on MRF Processing Equipment Upgrades.**

Table 3: MRF Estimated Financial Benefit

MRF Enhancement Cumulative Financial Benefit Summary		
Capital Improvement Cost	\$	15,579,944
Revenue Benefit *	\$	23,112,044
Cost Avoidance Benefit	\$	6,529,164
Estimated Revenue & Cost Benefit (through 12 year useful life)	\$	29,641,209
Cumulative Financial Benefit	\$	14,061,265

** Revenue benefit decrease from Attachment A - February BOD Presentation on MRF Processing Equipment Upgrades due to potential softening of the high grade paper market over time.*

Organics-to-Energy – Pilot Project (\$2.25M). At its November 2018 Board Meeting, the Board approved the Organics-to-Energy (O2E) Pilot Project and recommended funding the full scale O2E project after the O2E pilot project's proof-of-concept is (presumably) achieved. The Full Scale O2E Project (\$10M) is expected to be funded mainly from SBWMA capital reserves, with potentially \$2.17M being funded by bond proceeds. The O2E Full Scale Project return on investment is estimated to be cost neutral; reduced transportation and tip fee costs are expected to be offset by Shoreway processing and equipment costs. Project benefits include; estimated 25-30% reduction in landfill waste (SB1383), significant GHG emissions reduction as a result of reduced transportation and reduced commercial organics processing costs.

Other Capital Projects – (\$2.17M). Fund the initial costs of a compressed natural gas fueling station (the "CNG Fueling Station") as outlined in the Preliminary Official Statement (**See Attachment D**). The total cost of the CNG fueling station is estimated to be \$5 million. Or, as an alternate project the funds may potentially be used to partially fund the O2E Full Scale Project as described above.

Fiscal Impact

The 2019 Bonds will be structured to achieve minimal annual rate payer impact over the current tip fee rates. Current annual debt service on the 2009A Bonds is approximately \$4.1 million. The 2019 Bonds will be structured such that annual debt service payments will not exceed \$4.3 million and will extend through September 1, 2042.

Recommendation

It is recommended that the Board of the West Bay Sanitary District approve Resolution No. 2142 (2019) attached hereto approving the issuance of up to \$64 Million of Solid Waste Enterprise Bonds to refinance outstanding Series 2009A bonds of the South Bayside Waste Management Authority and to finance certain improvements to the Authority-owned Solid Waste Facilities of the South Bayside Waste Management Authority.

Attachments:

Resolution No. 2142 (2019)

Attachment A – February BOD Presentation on MRF Processing Equipment Upgrades

Attachment B – Bond Plan of Finance Slides

Attachment C – Capital Project Schedule

Attachment D – Preliminary Official Statement

RESOLUTION NO. 2142 (2019)

A RESOLUTION OF THE BOARD OF THE WEST BAY SANITARY DISTRICT APPROVING THE ISSUANCE OF UP TO \$64 MILLION OF SOLID WASTE ENTERPRISE BONDS TO REFINANCE OUTSTANDING BONDS OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY AND TO FINANCE CERTAIN IMPROVEMENTS TO THE SOLID WASTE MANAGEMENT FACILITIES OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

WHEREAS, the District is one of twelve equity members of the South Bayside Waste Management Authority (herein referred to as the “Authority”); and

WHEREAS, the Authority has proposed the issuance of solid waste enterprise revenue bonds in one or more series to (i) refund the Authority’s Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2009A, currently outstanding in the principal amount of \$44,685,000; (ii) pay the cost of certain improvements to the Authority’s solid waste management facilities, located in the City of San Carlos; (iii) fund a deposit to the reserve account; and (iv) pay costs of issuance of the bonds.

NOW, THEREFORE, THE BOARD OF THE WEST BAY SANITARY DISTRICT DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:

1. The Board of the West Bay Sanitary District approves the issuance by the Authority of solid waste enterprise revenue bonds in an amount not to exceed \$64,000,000.
2. The District Manager, the Treasurer and the Secretary and their duly authorized deputies, designees or agents are each hereby authorized and directed, in their respective official capacities, to execute or attest thereto, any and all closing certificates which are necessary or appropriate to effectuate the purposes of the issuance and sale of the notes by the Authority.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 22nd day of May, 2019 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President of the District Board of the West
Bay Sanitary District of San Mateo
County, State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California



STAFF REPORT

To: SBWMA Board Members
From: Hilary Gans, Senior Contracts & Operations Manager
Date: February 28, 2019 Board of Directors Meeting
Subject: Presentation on MRF Processing Equipment Upgrades

Recommendation:

This staff report is for discussion purposes only and no formal action is requested of the Board of Directors.

Summary

In the wake of the commodity market challenges and the need to improve fiber commodity quality to ensure market outlets, SBWMA and SBR staff have analyzed many options to improve material quality. Automation of MRF sorting has emerged as a key strategy towards this goal. The Bond Refunding process provides a unique window to access capital for these future capital projects.

MRF Phase I - Sort System Upgrade

Cost: \$7.3M (firm quote)

Equip. Useful Life: 12 Years; **ROI Payback:** 7.6-year payback (see attachment A)

Net Agency Benefit: 4.4 years

Designs have been completed and a quote for Phase I MRF Upgrade has been obtained from BHS. The Phase I Upgrades includes three projects with financial, commodity market, and operational enhancements that benefits the agency for the next decade. Phase I Upgrades are designed to be installed prior to Phase II so that the improvements in commodity quality can be assessed in the final design of Phase II Upgrades.

1. **Optical Sort of Small Fiber (\$4.2M)**

Description – BHS optical sort systems are used at Shoreway for high-speed separation of containers. This same optical sorting technology will be applied to sorting contamination out of mixed paper to capture more commodity revenues.

Benefits – Optical sorting will capture cardboard and containers that can be sold at a \$1.3M/year in additional revenues (these materials are currently lost to mixed paper), 2) mixed paper will be cleaned up to High-Grade paper that sells at a \$70 per ton premium (see **attachment B**).

2. **Robotic Sorting of Residue/QC System (\$1.6M)**

Description - BHS manufactures a robotic sorting system (Max-AI AQC) that utilize advanced recognition and AI technology to identify and sort a wide variety of materials. Applying this robotic system to the MRF residue will result in a reduction in sort labor expense and the capture of more recyclable materials that are currently "lost" to residue/disposal. Additionally, this recognition system will be installed at the end of

all fiber sort lines to identify, record, and report the fiber composition and quality so that the Phase II optical sort system will meet the fiber commodity quality standard for high grade paper.

Benefits - Robotic sort and quality control system benefits include: 1) reduced sorting expense of \$204K/year, increase capture of recyclables currently lost to residue, 3) data collection for used in design of Phase II fiber sort, and 4) ability to issue fiber-quality reports to buyers.

3. **Enhanced Glass Cleanup System (\$684,158)**

Description - The MRF glass commodity is created by breaking all the glass fed into the sorting system and then sifting fine material/glass out of the stream of recyclables. Currently this glass mix is contaminated with shredded paper, batteries, and small metals and plastic contaminates. The glass clean-up system will remove contaminates through a combination of magnets, screening and air. A key aspect of the project is to remove batteries and to reduce exposure to fires caused by batteries.

Benefits - 1) Reduced fire risk by removing batteries early in the sort line, 2) improved glass commodity sale price of \$4/ton, 3) other commodity revenue from metals and CRV recovery, 4) operational improvement from removal of shredded paper that is plugging the system causing plant stoppages.

MRF Phase II – Sort System Upgrades

Cost: \$8.2 M (firm quote)

Equip. Useful Life: 12 Years; **ROI Payback:** 5-year payback (see attachment A)

Net Benefit: 7 years

Description: In response to the China mixed paper import ban, the recycling industry is transitioning to highspeed optical sorting technology to remove contamination and meet new paper quality standards. Six-optical sorters will be installed in place of sort labor to upgrade mixed paper to High-Grade paper and recover additional recyclables.

Benefits: 1) High-Grade paper sells at a \$70 per ton premium over mixed paper (see **attachment B** - letters from SBR and Potential Industries) providing the SBWMA \$1.5M/year in additional revenues, 2) commodities currently lost to mixed paper will be sold at a premium, 3) reductions in sort labor will save \$487K/year.

Organics to Energy – Full-Scale Project (\$10M, Cost Neutral)

Description: In November 2018 the Board approved the O2E Pilot project and recommended funding the Full Scale O2E Project after proof-of-concept is achieved. Equipment design and layout has confirmed the cost of the project at ~\$10M. Board consideration of the O2E Full Scales is anticipated in 2021.

Benefits: 1) 25-30% reduction in waste to landfill, 2) significant GHG emissions reduction, 3) reduced commercial collection organics costs (estimated at over \$2M per year).

Attachments:

Attachment A: MRF Processing Equipment Upgrades Financials

Attachment B: Letters from SBR and Potential in support of MRF Upgrades to improve commodity revenues

Attachment A - MRF Processing Equipment Upgrades Financials

MRF Phase I Equipment Upgrade Project

Project Summary

Capital Expense				
Enhanced Glass Cleanup System	\$	684,158		
Max-AI Robotic Recovery	\$	1,635,000		
Third-Sort Optical	\$	4,548,094		
Package Discount	\$	(203,667)		
Subtotal	\$	6,663,585		
Project Contingency	\$	666,359	10.0%	
Total Capital	\$	7,329,944		
Annual Financial Benefit				
1. Enhanced Glass Cleanup System	\$	67,883		
2. Max-AI Robotic Recovery	\$	204,637		
3. Third-Sort Optical	\$	978,982		
Package Discount	\$	-		
Subtotal	\$	1,251,502		
Total Benefit	\$	1,251,502		
<i>Interest Expense is 10 Year Average</i>				
Payback (Years)		5.86		7.60
ROI		17.1%		13.2%
Interest Rate on Bonds		4.5%		

MRF Phase II Equipment Upgrade Project

Project Summary

Capital Expense			
CAPITAL	\$	7,500,000	
Contingency	\$	750,000	10%
TOTAL CAPITAL	\$	8,250,000	
			c
Annual Financial Benefit			Interest
Net Incremental Revenue	\$	1,494,260	\$ 1,494,260
Net Labor Savings	\$	487,084	\$ 487,084
Interest (10 Yr Avg.)	\$	(322,767)	\$ (322,767)
TOTAL SAVINGS	\$	1,981,344	\$ (322,767)
Payback		4.2	5.0
ROI		24.0%	20.1%
Interest Rate on Debt		4.5%	
<i>includes Revenue Share</i>			
<i>excludes depreciation</i>			
			Net Financial Benefit
	\$		1,658,576

Attachment B – Letters from SBR & Potential Industries



**Potential
Industries Inc**

720 East "E" Street
Wilmington, CA 90744
(310) 549-5901

February 13, 2019

SBWMA, RethinkWaste
Facility Operations Contracts Manager
Mr. Hilary Gans
610 Elm Street, Suite #202
San Carlos, CA 94070

Re: High Grade Paper (HGP) sorted from MRFs

Dear Mr. Gans,

As you know, Potential Industries, Inc. (PII) has been exporting recovered paper for over 40 years. In addition to our own MRF sorted paper, we also market sorted paper from over 20 MRFs throughout the USA.

Based on our many years' experience, and using our best professional judgment regarding paper sorted from single stream MRFs: (a) we have serious concerns about the long term viability of traditional mixed paper, and (b) we believe High Grade Paper will continue to not only be in demand, but also the price for it will be significantly higher than traditional mixed paper.

In 2018 the price of High Grade Paper was approximately \$75 per ton higher than traditional mixed paper, and in our opinion that premium is likely to continue. Although nobody in the industry can accurately predict future pricing, we strongly encourage MRFs to upgrade their mixed paper to High Grade Paper because this grade will continue be consumed by many paper mills.

Best Regards,

A handwritten signature in blue ink that reads "Daniel J. Domonoske".

Daniel J. Domonoske
Executive Vice President

February 12, 2019

SBWMA, RethinkWaste
Facility Operations Contracts Manager
Mr. Hilary Gans
610 Elm Street, Suite #202
San Carlos, CA 94070

Re: Fiber Market Explanation and Price Comparison

Dear Mr. Gans,

Recovered paper and cardboard, also known as fiber, represents approximately 50% of the commingled materials sorted in the MRF. SBR has some of the best fiber export marketing capabilities in the recycling industry, which remains dependent on export due to lack of domestic demand. As you know, end user mills throughout SE Asia have tightened up their quality requirements, and MRFs throughout CA are responding by making higher quality products.

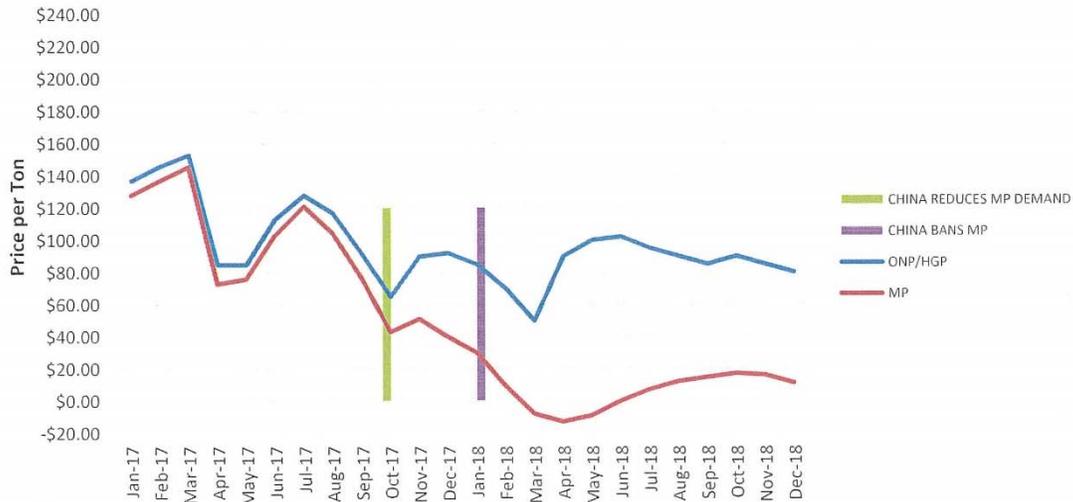
In 2018 China, then the largest end user of mixed paper in the world, banned the import of mixed paper. Although there are a few other markets in SE Asia for mixed paper, the price is very low. To make matters worse, there is trend in SE Asia for other countries to also ban mixed paper. By reducing the quantity of mixed paper being generated SBWMA has the opportunity to reduce their risk of having a sorted product without a market, either domestic or export. In addition, by creating a higher quality paper it can be sold at better pricing than Mixed Paper.

Graph #1 below shows the monthly price for High Grade Paper (formerly known as Old News Paper) compared to Mixed Paper. In 2017 those prices were quite close to each other. However, in Q4 2017 when it became clear that China would indeed ban Mixed Paper the gap between High Grade Paper and Mix Paper grew. The effective date of the ban was based on cargo arrival in China, as such the price gap accelerated in November and December 2017.

333 Shoreway Road | San Carlos, California 94070
Tel 650.802.8355 | Fax 650.412.2495 | SBRecycling.net

Graph #1

2017-2018 Price Comparison Old News Paper/High Grade Paper (ONP/HGP) v Mix Paper (MP)



In 2018 several haulers and MRFs were forced to send Mixed Paper to landfills. This was done either by stockpiling bales in hopes of a market resurgence only to find there was none, or no longer sorting it from the commingled stream and simply letting it go to residue without being sorted and baled in the MRF. In either case the outcome had negative impacts on diversion levels and public perception of recycling.

Today there is a unique opportunity available to SBWMA which is created by customer demand, technology developments for MRF processing equipment, and bond refinancing. These events provide SBWMA with a decision to make regarding the MRF: shall we invest in the future of our MRF?

In our professional opinion, by investing in the proposed MRF equipment upgrades there will be two changes to the fiber commodities: (1) less Mixed Paper being produced, and (2) more sorted fiber products being sold at higher pricing. These changes will increase the monthly revenues and also increase the number of end users that are interested in our fiber products.

The initial economic benefit is producing a higher quality paper grade from the commingled materials which are collected in single family residential collection routes. That paper is mechanically screened on the residential sort line to create paper which is currently sold as Mixed Paper (a low value commodity). In addition to removing most of the cardboard, the proposed system will also remove contamination and

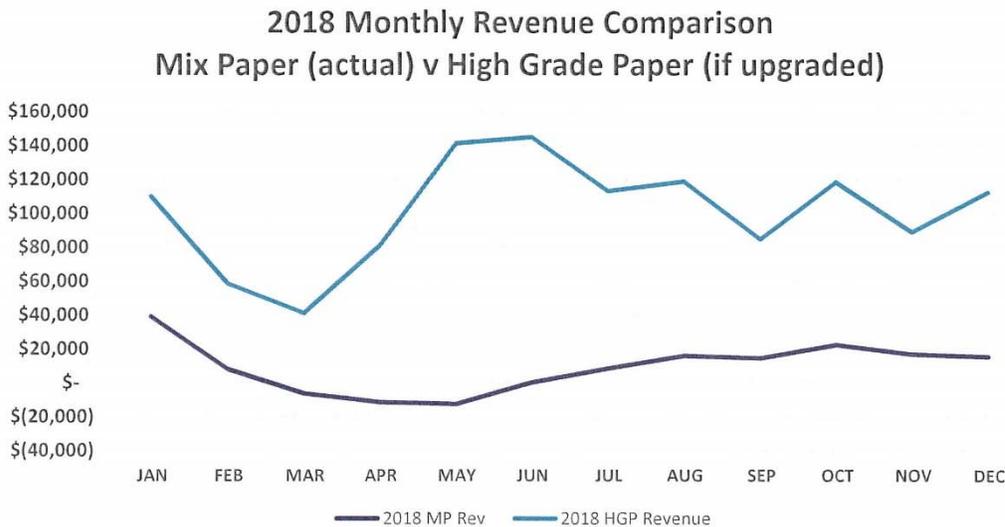
333 Shoreway Road | San Carlos, California 94070
Tel 650.802.8355 | Fax 650.412.2495 | SBRecycling.net



containers from the Mixed Paper. As a result that paper will be higher quality and will be sold as High Grade Paper, at a premium price above Mixed Paper.

Graph #2 below shows the actual monthly revenue in 2018 for the paper which was sold as Mixed Paper (MP) compared to the monthly revenue for that same material if it was sold as High Grade Paper (HGP). The cumulative incremental economic benefit from selling those tons as HGP amounts to over \$1,100,000 in 2018, and that would have been achieved had the new equipment upgrade been installed and operational.

Graph #2



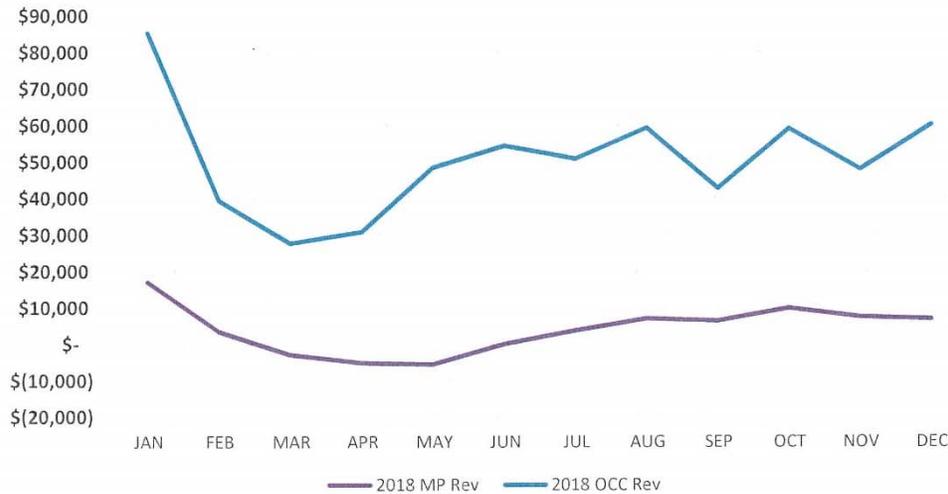
The other economic benefit from the proposed upgrade is increasing the amount of cardboard (aka Old Corrugated Containers, or OCC) being produced. Over the past 10 years there has been an increase in online shopping which results in households generating more cardboard, and those cardboard pieces are smaller in size and lighter in weight. As such a lot of that cardboard currently ends up in Mixed Paper. The proposed system will remove most of it from the Mix Paper (a low value commodity) and recover it as OCC cardboard (a higher value commodity).

Graph #3 below shows the actual monthly revenue in 2018 for the paper which was sold as Mixed Paper compared to the monthly revenue for that same material if it was sold as Old Corrugated Containers (OCC). The cumulative incremental economic benefit from selling those tons as OCC amounts to over \$500,000 in 2018, and that would have been achieved had the new equipment upgrade been installed and operational.

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Graph #3

2018 Monthly Revenue Comparison
 Mix Paper (actual) v. Cardboard (OCC (if upgrade))



In addition to the economic benefits listed above, there will be significantly less paper being sold as Mixed Paper. This is important because the uncertain future demand for Mixed Paper causes many in the industry to wonder how long it will remain a viable product.

SBWMA is working with two of the best partners in the industry, SBR (facility operations) and BHS (equipment supplier), and together the team can implement the proposed projects to create value that provides long term economic and environmental benefits to Member Agencies.

Future recycling commodity market pricing and quality requirements cannot be precisely defined. However, there is a consensus within the industry that the facilities which are sustainable will be those that are capable of doing two things: (1) producing grades that are in demand, and (2) producing qualities that are better than the prevailing industry average.

Best Regards,

Daniel J. Domonoske
 Vice President

CC: Dwight Herring, GM

333 Shoreway Road | San Carlos, California 94070
 Tel 650.802.8355 | Fax 650.412.2495 | SBRrecycling.net



South Bayside Waste Management Authority

Overview of the 2019 Bonds:

Refunding of Series 2009A Bonds and Financing Capital Improvements



1300 Clay Street, Suite 1000, Oakland, CA 94612
phone 510-839-8200 fax 510-208-8282

A Limited Liability Company

Market Rates Continue to Support a Refunding of the Series 2009A Bonds



*The Bond Buyer Revenue Bond Index consists of 25 various revenue bonds that mature in 30 years. The average rating is roughly equivalent to Moody's "A1" and S&P's "A+". Source: Bond Buyer Index: Bond Buyer. 10-year Treasury Yield Curve: The Department of the Treasury.

Overview of the 2019 Bonds

Plan of Finance Objective: Execute Bond Refunding and Raise \$20M New Money Proceeds through Savings and Additional Debt

- Refunds outstanding 2009A Bonds to achieve debt service savings
- Issues additional “new money” bonds in addition to redeploying savings for capital
- Extends term of refunding bonds to achieve a short-term “window” to structure new money debt service with shorter average life restrictions
- Maintains annual payments approximately equal to \$4.1MM **but** extends bond term another six years to September 1, 2042 (from September 1, 2036)

Key Assumptions for the 2019 Bonds

- **Offering Type:** Fixed rate, public issuance
- **Security Type:** Solid Waste Enterprise Revenue Bonds (consistent with Series 2009A Bonds)
- **Ratings:** A1 (Moody's) / A+ (S&P); 2019 Bonds transaction ratings to be confirmed
- **Interest Rates:** Current rates as of April 4, 2019 plus 0.25% interest rate cushion
- **Closing Date:** June 26, 2019
- **Call Date:** September 1, 2029 (10-year par call)
- **Final Maturity:** September 1, 2042 (extended from September 1, 2036)
- **Issuance Expenses:** COI of \$300,000 and UW Discount of \$3.50 per bond
- **Debt Service Reserve Fund (DSRF):** Contribution of cash DSRF associated with the Series 2009A Bonds at current amount
 - New cash DSRF sized for the 2019 Bonds

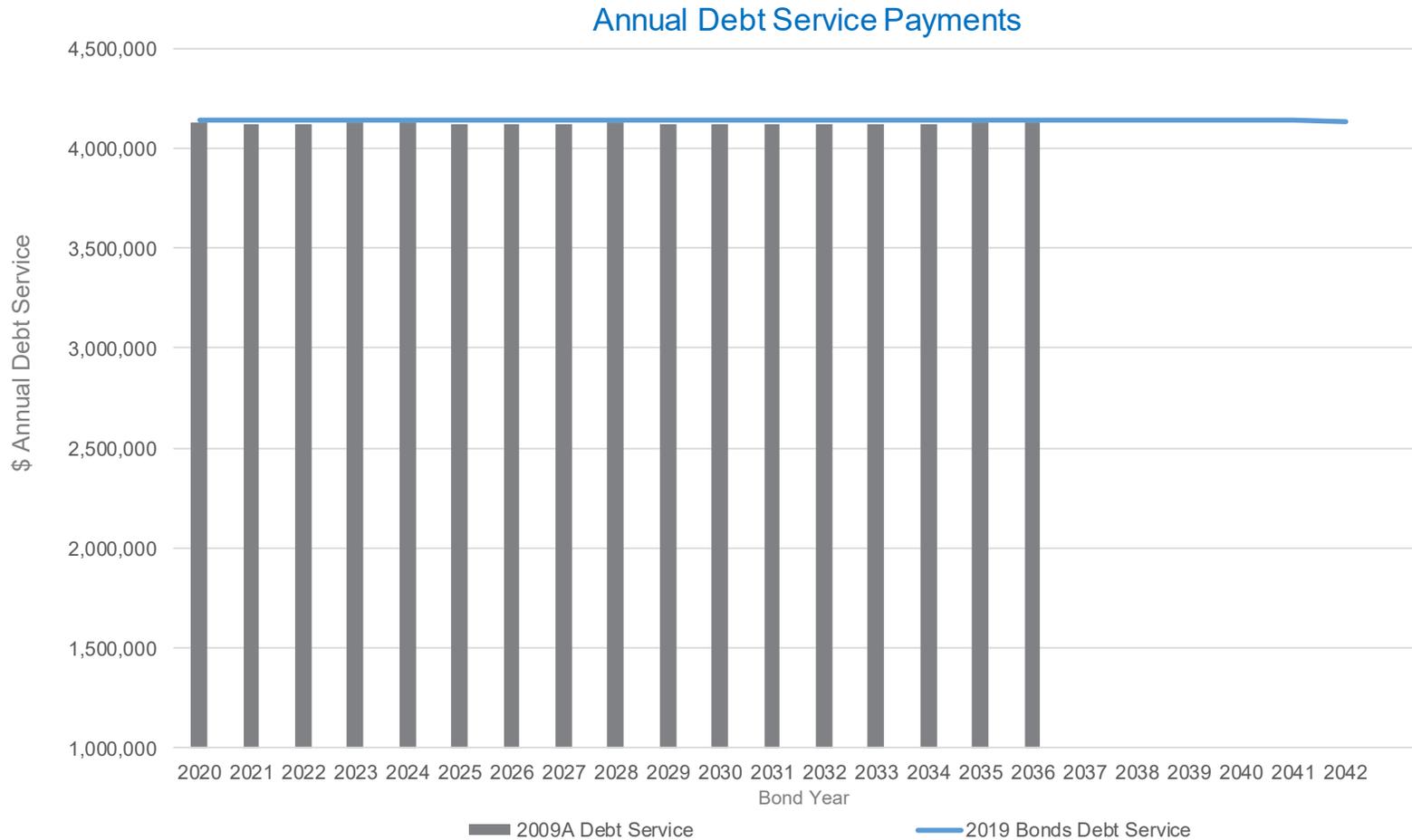
2019 Bonds Sources and Uses of Funds*

	Series 2019A: Refunding	Series 2019B: New Money	Series 2019: Total
<u>Sources:</u>			
Bond Proceeds:			
Par Amount	\$ 36,505,000	\$ 18,850,000	\$ 55,355,000
Premium	5,792,867	2,717,778	8,510,644
Total Bond Proceeds	42,297,867	21,567,778	63,865,644
2009A Bonds Funds on Hand	6,567,395	-	6,567,395
Total Sources	\$ 48,865,262	\$ 21,567,778	\$ 70,433,040
<u>Uses:</u>			
Project Fund Deposit	-	20,000,000	20,000,000
Refunding Escrow	45,796,867	-	45,796,867
Debt Service Reserve Fund	2,731,846	1,410,637	4,142,483
Cost of Issuance ¹	195,964	100,714	296,678
Underwriter's Discount	140,584	56,427	197,011
Total Uses	\$ 48,865,262	\$ 21,567,778	\$ 70,433,040

*Assumes current Authority credit ratings and market conditions as of 4/4/2019, plus 25 bps. Preliminary and subject to change based on tax-exempt interest rate movements.

¹Estimated Cost of Issuance includes fees for bond counsel, disclosure counsel, rating, municipal advisor, trustee printing, etc. Cost of issuance also includes bond rounding.

Debt Service Schedules: Status Quo (2009A Bonds) and 2019 Bonds



Detailed Debt Service Schedules

Status Quo (Series 2009A Bonds)				2019 Bonds *				Debt Service Difference from Status Quo
September 1,	Principal	Interest	Total Debt Service	September 1,	Principal	Interest	Total Debt Service	
2020	1,570,000	2,554,750	4,124,750	2020	875,000	3,267,483	4,142,483	17,733
2021	1,650,000	2,472,325	4,122,325	2021	1,415,000	2,724,000	4,139,000	16,675
2022	1,735,000	2,385,700	4,120,700	2022	1,485,000	2,653,250	4,138,250	17,550
2023	1,830,000	2,294,613	4,124,613	2023	1,560,000	2,579,000	4,139,000	14,388
2024	1,925,000	2,198,538	4,123,538	2024	1,640,000	2,501,000	4,141,000	17,463
2025	2,025,000	2,097,475	4,122,475	2025	1,720,000	2,419,000	4,139,000	16,525
2026	2,150,000	1,970,913	4,120,913	2026	1,805,000	2,333,000	4,138,000	17,088
2027	2,285,000	1,836,538	4,121,538	2027	1,895,000	2,242,750	4,137,750	16,213
2028	2,430,000	1,693,725	4,123,725	2028	1,990,000	2,148,000	4,138,000	14,275
2029	2,580,000	1,541,850	4,121,850	2029	2,090,000	2,048,500	4,138,500	16,650
2030	2,740,000	1,380,600	4,120,600	2030	2,195,000	1,944,000	4,139,000	18,400
2031	2,905,000	1,216,200	4,121,200	2031	2,305,000	1,834,250	4,139,250	18,050
2032	3,080,000	1,041,900	4,121,900	2032	2,420,000	1,719,000	4,139,000	17,100
2033	3,265,000	857,100	4,122,100	2033	2,540,000	1,598,000	4,138,000	15,900
2034	3,460,000	661,200	4,121,200	2034	2,670,000	1,471,000	4,141,000	19,800
2035	3,670,000	453,600	4,123,600	2035	2,800,000	1,337,500	4,137,500	13,900
2036	3,890,000	233,400	4,123,400	2036	2,940,000	1,197,500	4,137,500	14,100
				2037	3,090,000	1,050,500	4,140,500	4,140,500
				2038	3,245,000	896,000	4,141,000	4,141,000
				2039	3,405,000	733,750	4,138,750	4,138,750
				2040	3,575,000	563,500	4,138,500	4,138,500
				2041	3,755,000	384,750	4,139,750	4,139,750
				2042	3,940,000	197,000	4,137,000	4,137,000
	<u>43,190,000</u>	<u>26,890,425</u>	<u>70,080,425</u>		<u>55,355,000</u>	<u>39,842,733</u>	<u>95,197,733</u>	<u>25,117,308</u>

*Assumes current Authority credit ratings and market conditions as of 4/1/2019, plus 25 bps. Preliminary and subject to change based on tax-exempt interest rate movements.

Financing Results versus the Status Quo*

	<u>Status Quo:</u> Series 2009A Bonds	<u>2019 Bonds:</u> Refunding \$20MM Capital
Refunding Present Value Savings:		
Par Amount of Refunded Bonds:	--	\$44,685,000
Percentage Savings of Refunded Bonds¹:	--	14.307%
Net PV Savings¹:	--	\$6,393,095
Total Obligations and Debt Service Payments:		
Total Capital Proceeds Raised:	--	\$20,000,000
Estimated Par Amount Outstanding after 2019 Bond Issuance	\$44,685,000	\$55,355,000
Total Debt Service:	\$70,080,425	\$95,197,733
Difference from the Status Quo:		\$25,117,308
Average Annual Debt Service:	\$4,122,378	\$4,139,032
Difference from the Status Quo:		\$16,654
Final Debt Term:	9/1/2036	9/1/2042

*Assumes current Authority credit ratings and market conditions as of 4/1/2019, plus 25 bps. Preliminary and subject to change based on tax-exempt interest rate movements.

¹Assuming a refunding of only the 2009 Series A Bonds, estimated Net PV Savings would be \$10,794,614 or 24.16% savings of Refunded Bonds. The lower Net PV Savings values reflects structuring refinements to incorporate the new money issuance and required short-term amortization given average life restrictions.

Important Next Steps and Financing Approvals

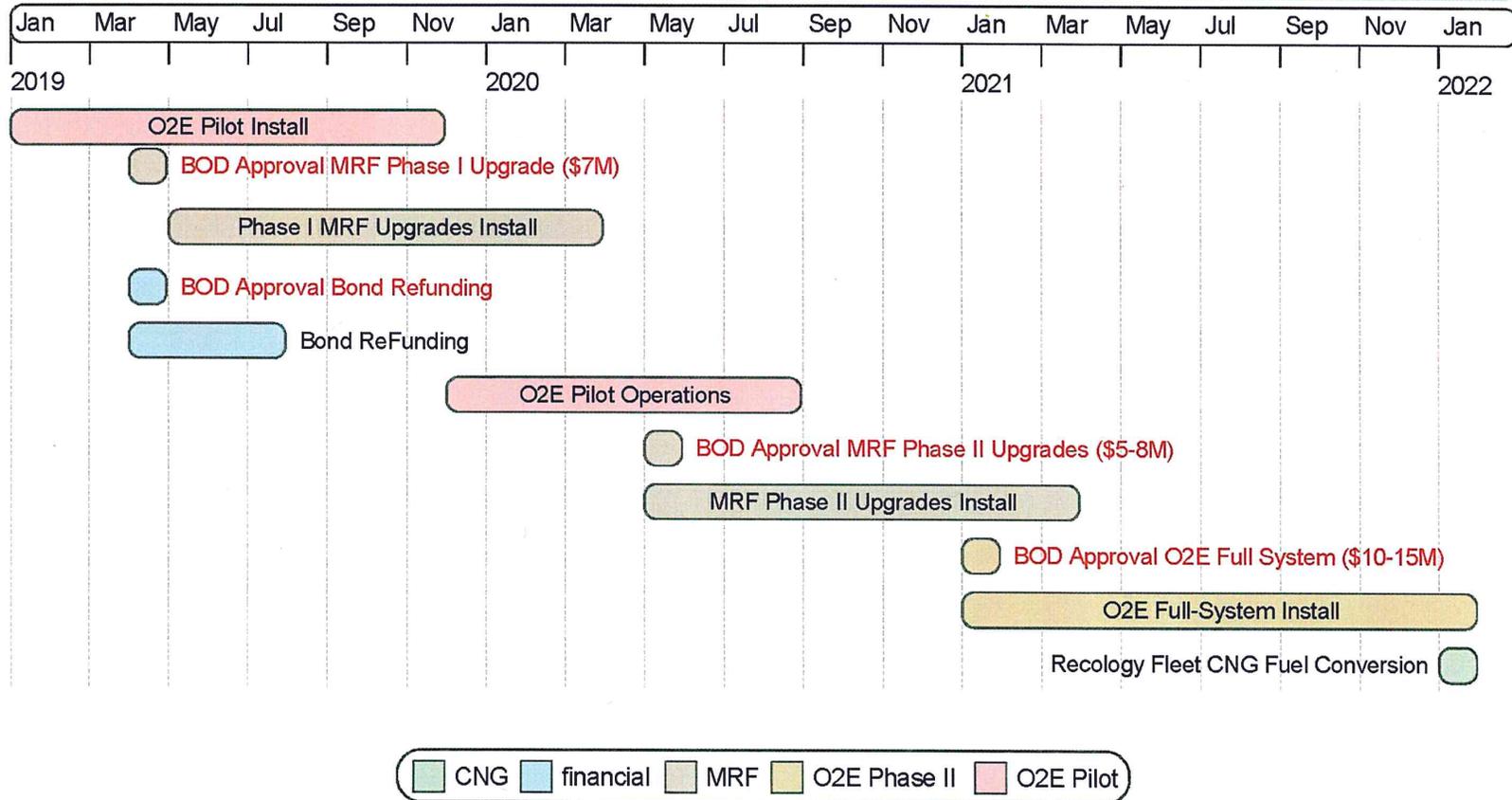
Targeted Date/Meeting	Action Item / Approval
April 11 SBWMA Finance Committee	<ul style="list-style-type: none"> • Receive overview of financing documentation and issuance parameters
April 5	<ul style="list-style-type: none"> • Model staff report and resolution approving the issuance of 2019 Bonds to Member Agencies
April 25 SBWMA Board Meeting	<ul style="list-style-type: none"> • Adopt resolution recommending approval of 2019 Bonds to Member Agencies • Adopt Reimbursement Resolution
Week of May 6 Member Agency Meetings	<ul style="list-style-type: none"> • Adopt resolution to approve the issuance of 2019 Bonds
Week of May 13 Member Agency Meetings	<ul style="list-style-type: none"> • Adopt resolution to approve the issuance of 2019 Bonds
May 13 City of San Carlos Meeting	<ul style="list-style-type: none"> • Hold public hearing as host City and for TEFRA* • Approve JPA financing as host City • Adopt TEFRA* approval • Adopt resolution to approve the issuance of 2019 Bonds
May 23 SBWMA Board Meeting	<ul style="list-style-type: none"> • Adopt resolution authorizing the issuance of 2019 Bonds (subject to not-to-exceed parameters) and approving financing documents (resolution, bond indenture, official statement, purchase contract)

* A public hearing required by the IRS to be held before the Board can approve the issuance by SBWMA of tax-exempt private activity debt.

Financing Timeline

Targeted Date	Action Item
January 2019	<ul style="list-style-type: none"> Assemble financing team (SBWMA, KNN, Bond/Disclosure Counsel, Underwriter, and other parties)
February 2019 – May 2019	<ul style="list-style-type: none"> SBWMA Board engagements on Plan of Finance approach Develop legal and disclosure documents necessary for issuance
Week of May 13	<ul style="list-style-type: none"> Rating Agency meetings
Week of May 27	<ul style="list-style-type: none"> Receive Bond credit ratings Post Preliminary Official Statement Market 2019 Bonds
Week of June 10	<ul style="list-style-type: none"> Price 2019 Bonds
Week of June 24	<ul style="list-style-type: none"> Close 2019 Bonds

Capital Project Approval & Implementation Schedule



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2019

NEW ISSUE – BOOK ENTRY ONLY

**Ratings: Moody's: “_”
Standard & Poor's: “_”
See “RATINGS” herein.**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest on the Series 2019A Bonds and the Series 2019B Bonds (together, the “Series 2019 Bonds”) is excluded from gross income for federal income tax purposes, except for interest on any Series 2019 Bond for any period during which the Series 2019 Bond is held by a “substantial user” of any facilities financed with the proceeds of the Series 2019 Bonds or a “related person” as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Series 2019A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the Series 2019B Bonds is a specific item of tax preference for purposes of the federal individual alternative minimum tax. In the further opinion of Bond Counsel, interest on the Series 2019 Bonds is, under existing law, exempt from State of California personal income tax. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2019 Bonds. See “TAX MATTERS” herein.

\$ _____*
**South Bayside Waste Management Authority
Solid Waste Enterprise Refunding Revenue Bonds
(Shoreway Environmental Center)
Series 2019A (Non-AMT)**

\$ _____*
**South Bayside Waste Management Authority
Solid Waste Enterprise Revenue Bonds
(Shoreway Environmental Center)
Series 2019B (AMT)**

Dated: Date of Issuance

Due: September 1, as shown on inside cover

The South Bayside Waste Management Authority (the “Authority”) \$ _____ Solid Waste Enterprise Refunding Revenue Bonds (Shoreway Environmental Center), Series 2019A (Non-AMT) (the “Series 2019A Bonds”) and \$ _____ Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2019B (AMT) (the “Series 2019B Bonds”) and, together with the Series 2019A Bonds, the “Series 2019 Bonds”) are being issued pursuant to, and are secured under an Indenture of Trust dated as of June 1, 2019 (the “Indenture”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Series 2019A Bonds are being issued to (i) refund in full the Authority’s Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2009A; (ii) fund a deposit to the Reserve Fund; and (iii) pay costs of issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued to (i) pay certain costs incurred by the Authority in connection with the construction of various improvements and acquisition and installation of certain associated equipment (the “2019 Project”) to the Authority’s solid waste materials recovery facility and transfer station located in the City of San Carlos, California; (ii) fund a deposit to the Reserve Fund; and (iii) pay costs of issuance of the Series 2019B Bonds. See “PLAN OF FINANCE.” The Authority is a joint exercise of powers authority, created pursuant to a Second Amended and Restated Joint Exercise of Powers Agreement, dated as of June 19, 2013 (the “Authority Agreement”) among the Cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos, San Mateo, the Towns of Atherton, Hillsborough, the West Bay Sanitary District and the County of San Mateo (each a “Member”).

The principal, premium, if any, and interest due on the Series 2019 Bonds are payable solely from amounts pledged therefor, including certain revenues of the Authority, pursuant to the Indenture. The revenues of the Authority so pledged consist primarily of the Net Revenues (as defined herein) of the Authority’s solid waste management system (the “Enterprise”), which generally consist of the tipping fees and recyclable materials sales revenues received by or imposed by the Authority in connection with the operation of the Enterprise and the provision of solid waste processing and disposal services, less the Maintenance and Operation Costs (as defined herein) of the Enterprise. Subject to satisfaction of the conditions set forth in the Indenture, the Authority may issue additional obligations which are payable on a parity with the Series 2019 Bonds (“Parity Obligations”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Additional Parity Obligations.”

THE OBLIGATION OF THE AUTHORITY TO MAKE THE DEBT SERVICE PAYMENTS TO THE SERIES 2019 BONDS IS A SPECIAL OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE MONEYS LEGALLY AVAILABLE AND PLEDGED THEREFOR UNDER THE INDENTURE, DOES NOT CONSTITUTE A DEBT OF THE AUTHORITY, ITS MEMBERS OR OF THE STATE OF

* Preliminary; subject to change.

CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY OR ANY MEMBER IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION. THE BONDS DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR ITS MEMBERS.

Interest on the Series 2019 Bonds is payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2020. The Series 2019 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name or a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issuable in the principal amount of \$5,000 and any integral multiple thereof.

The Series 2019 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity, as described herein.

This cover page contains certain information for quick reference only and is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “CERTAIN RISK FACTORS” herein for a description of certain of the risks associated with an investment in the Series 2019 Bonds.

The Series 2019 Bonds will be offered when, as and if executed and delivered, and received by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, Los Angeles, California and for the Authority by its Counsel, Aaronson Dickerson Cohn & Lanzone. It is anticipated that the Series 2019 Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about June __, 2019.

Dated: June __, 2019

Raymond James

\$ _____ *

**South Bayside Waste Management Authority
Solid Waste Enterprise Refunding Revenue Bonds
(Shoreway Environmental Center)
Series 2019A (Non-AMT)**

Maturity Schedule
\$ _____ * **Serial Series 2019A Bonds**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>CUSIP</u> [†]
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\$ _____ . ____ Term Series 2019B Bonds due September 1, ____ — Yield: ____% CUSIP[†]

\$ _____ . ____ Term Series 2019B Bonds due September 1 __, ____ — Yield: ____% CUSIP[†]

* Preliminary; subject to change.

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\$ _____ *

**South Bayside Waste Management Authority
Solid Waste Enterprise Refunding Revenue Bonds
(Shoreway Environmental Center)
Series 2019B (AMT)**

Maturity Schedule
\$ _____ * **Serial Series 2019B Bonds**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>CUSIP</u> [†]
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* Preliminary; subject to change.

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**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
BOARD OF DIRECTORS**

Town of Atherton	William Widmer, Mayor
City of Belmont	Davina Hurt, Mayor
City of Burlingame	Michael Brownrigg, Council Member
City of East Palo Alto	Ruben Abrica, Council Member
City of Foster City	Herb Perez, Vice Mayor
Town of Hillsborough	Jess Benton, Board Chair, Council Member
City of Menlo Park	Catherine Carlton, Council Member
City of Redwood City	Alicia Aguirre, Board Vice Chair, Council Member
City of San Carlos	Adam Rak, Council Member
City of San Mateo	Richard Bonilla, Council Member
County of San Mateo	Carole Groom, President of the Board of Supervisors
West Bay Sanitary District	Fran Dehn, President

AUTHORITY STAFF

Joseph La Mariana, Executive Director
John Mangini, Senior Finance Manager
Hilary Gans, Senior Facilities and Contracts Manager

SPECIAL SERVICES

BOND COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation

MUNICIPAL ADVISOR

KNN Public Finance LLC

AUTHORITY COUNSEL

Aaronson Dickerson Cohn & Lanzone

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Members or the Underwriter.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2019 Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain of the information set forth herein has been obtained from official sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Enterprise since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Authority. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2019 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in the following information constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority's forecasts in any way. Except as set forth in the Continuing Disclosure Agreement, a form of which is attached as Appendix D, the Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

The Series 2019 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act. The Series 2019 Bonds have not been registered or qualified under the securities laws of any state.

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\$ _____*

**South Bayside Waste Management Authority
Solid Waste Enterprise Refunding Revenue Bonds
(Shoreway Environmental Center)
Series 2019A (Non-AMT)**

\$ _____*

**South Bayside Waste Management Authority
Solid Waste Enterprise Revenue Bonds
(Shoreway Environmental Center)
Series 2019B (AMT)**

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Series 2019 Bonds being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

General Description

This Official Statement, including the cover and the Appendices attached hereto (the “Official Statement”), provides certain information concerning the sale and delivery of the South Bayside Waste Management Authority (the “Authority”) \$ _____* Solid Waste Enterprise Refunding Revenue Bonds (Shoreway Environmental Center), Series 2019A (Non-AMT) (the “Series 2019A Bonds”) and the \$ _____* Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2019B (AMT) (the “Series 2019B Bonds” and, together with the Series 2019A Bonds, the “Series 2019 Bonds”). The Series 2019 Bonds will be issued pursuant to an Indenture of Trust dated as of June 1, 2019 (the “Indenture”) between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”).

The Series 2019A Bonds are being issued to (i) refund in full the Authority’s Solid Waste Enterprise Revenue Bonds (Shoreway Environmental Center), Series 2009A (the “Refunded Bonds”); (ii) fund a deposit to the Reserve Fund; and (iii) pay costs of issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued to (i) pay certain costs incurred by the Authority in connection with the construction of various improvements and the acquisition and installation of certain associated equipment (the “2019 Project”) to the Authority’s solid waste materials recovery facility and transfer station located in the City of San Carlos, California; (ii) fund a deposit to the Reserve Fund; and (iii) pay costs of issuance of the Series 2019B Bonds. See “PLAN OF FINANCE.”

The Series 2019 Bonds will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2019 Bonds is payable semiannually on March 1 and September 1 of each year (each an “Interest Payment Date”), commencing on March 1, 2020, computed at the respective rates of interest set forth on the cover page of this Official Statement. The Series 2019 Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof.

The Authority

The Authority is a joint exercise of powers authority created pursuant to Section 6500 et seq. of the California Government Code and a Second Amended and Restated Joint Exercise of Powers Agreement (the “Authority Agreement”), dated as of June 19, 2013 among the Cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos, San Mateo, the towns of Atherton, Hillsborough, the West Bay Sanitary District and the County of San Mateo (collectively, the “Members”). The Authority has been in existence since 1999. Pursuant to the Authority Agreement, the purpose of the Authority is to provide for the joint ownership, financing, administration, and operation of regional solid waste management facilities,

* Preliminary; subject to change.

and for the joint planning, adoption, financing, administration, management, review, monitoring, enforcement and reporting of solid waste, recyclable material and plant material collection activities. Pursuant to its terms, the Authority Agreement may not be terminated while the Series 2019 Bonds are outstanding. See “THE SYSTEM - The Authority” herein.

Security and Sources of Payment for the Series 2019 Bonds

The Authority’s obligation to make payments of principal and interest on the Series 2019 Bonds is a special obligation of the Authority payable solely from amounts pledged therefor, including certain revenues of the Authority under the Indenture and will be on a parity with additional Parity Obligations (as hereinafter defined) of the Authority issued or executed under the Indenture subject to the application of such revenues as permitted by the Indenture. The revenues of the Authority so pledged consist primarily of the Net Revenues of the Authority’s solid waste management system (the “Enterprise”), which generally are tipping fees and recyclable materials sale revenues received by or imposed by the Authority in connection with the operation of the Enterprise or the provision of solid waste processing and disposal services in any Fiscal Year, less the Maintenance and Operation Costs (as herein defined) of the Enterprise for such Fiscal Year. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019 Bonds” herein.

Book Entry System

The Series 2019 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made in book-entry form only. Purchasers of the Series 2019 Bonds will not receive certificates representing their ownership interests in the Series 2019 Bonds purchased. The Series 2019 Bonds will be issuable in the principal amount of \$5,000 and any integral multiple thereof. Principal and interest payments on the Series 2019 Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial Owners of the Series 2019 Bonds. See “THE SERIES 2019 BONDS - General” and Appendix E - “BOOK- ENTRY SYSTEM.”

Redemption

The Series 2019 Bonds are subject to optional, mandatory and extraordinary redemption prior to their stated maturities. See “THE SERIES 2019 Bonds - Redemption.”

Reserve Fund

A fund (the “Reserve Fund”) will be held under the Indenture in order to secure the payment of principal of and interest on the Series 2019 Bonds in an amount equal to the Reserve Requirement, which, as of the date of issuance of the Series 2019 Bonds is \$_____. The Reserve Requirement will be satisfied through the use of a portion of the proceeds of the Series 2019 Bonds. The Indenture provides that, in replacement of moneys then on deposit in the Reserve Fund, the Authority, without the consent of the Owners, may deliver to the Trustee a surety bond or insurance policy issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company’s insurance policies) are rated, at the time of delivery, in one of the two the highest rating category of Moody’s or S&P (without regard to qualifier), in an amount, together with moneys on deposit in the Reserve Fund equal to the Reserve Requirement. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019 BONDS - Reserve Fund” herein.

Additional Parity Obligations

The Indenture provides that the Authority may at any time issue or execute additional Parity Obligations payable from the Net Revenues and secured by a lien and charge upon the Net Revenues equal to

and on a parity with the lien and charge securing the Series 2019 Bonds theretofore issued under the Indenture, subject to the satisfaction of certain conditions specified in the Indenture. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019 BONDS - Additional Parity Obligations” herein. The Indenture also provides that the Authority may at any time execute or issue contracts, bonds or other indebtedness of the Authority payable from the Revenue Fund on a subordinated basis to the payment of the Debt Service Payments (“Subordinate Obligations”).

Rate Covenant

Pursuant to the Indenture, the Authority is required, at all times while any of the Series 2019 Bonds remain Outstanding, to fix, prescribe and collect rates, fees and charges, and collect such other revenues in connection with the Enterprise which, when added to the Additional Revenues, will yield Revenues in each Calendar Year at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts due in each Calendar Year in the order below set forth:

- (1) All current Maintenance and Operation Costs.
- (2) The interest on and principal of the Bonds and any Parity Obligations as they become due and payable.
- (3) All payments required for compliance with the terms hereof, including restoration of the Reserve Fund to an amount equal to the Reserve Requirement, and of any documents providing for the issuance of Parity Obligations pursuant to Article II hereof.
- (4) All payments to meet any other obligations of the Authority which are charges, liens or encumbrances upon, or payable from, the Revenues.

In addition to the foregoing requirements, the Indenture provides that the Authority will, at all times while any of the Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the Enterprise for each Calendar Year so as to yield Net Revenues during such Calendar Year equal to at least 1.40 times the Debt Service in such Calendar Year plus scheduled principal and interest payments on or with respect to any Parity Obligations. For purposes of this calculation, Revenues may include any amounts appropriated to the Revenue Fund by the Authority from the Rate Stabilization Fund in accordance with the Indenture.

“Additional Revenues” means amounts not already counted as Revenues under the Indenture which are on deposit in the Revenue Fund or other funds of the Authority (including the Rate Stabilization Fund) and which are legally available for payment of Debt Service. As of the date of issuance of the Series 2019 Bonds, \$_____ is on deposit in the Rate Stabilization Fund.

See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019 BONDS – Rate Covenant” herein.

Limited Liability

THE OBLIGATION OF THE AUTHORITY TO MAKE THE DEBT SERVICE PAYMENTS TO THE SERIES 2019 BONDS IS A SPECIAL OBLIGATION OF THE AUTHORITY PAYABLE SOLELY FROM THE MONEYS LEGALLY AVAILABLE AND PLEDGED THEREFOR UNDER THE INDENTURE, DOES NOT CONSTITUTE A DEBT OF THE AUTHORITY, ITS MEMBERS OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY OR ANY MEMBER IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, ANY FORM OF

TAXATION. THE BONDS DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR ITS MEMBERS.

Continuing Disclosure

The Authority has covenanted to provide certain financial information and operating data relating to the Authority and to provide notices of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” herein and APPENDIX D - “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

Miscellaneous

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Indenture. See Appendix B - “SUMMARY OF THE INDENTURE” for definitions of certain words and terms used but not otherwise defined herein.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

PLAN OF FINANCE

The Series 2019A Bonds are being issued to (i) refund the Refunded Bonds; (ii) fund a deposit to the Reserve Fund; and (iii) pay costs of issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued to (i) pay the costs of the 2019 Project; (ii) fund a deposit to the Reserve Fund; and (iii) pay costs of issuance of the Series 2019B Bonds.

Refunding

Concurrently with the issuance and delivery of the Series 2019A Bonds, the Authority shall utilize a portion of the proceeds thereof, together with other available funds of the Authority, to purchase certain direct obligations of the United States of America the maturing principal and interest with respect to which, together with other available moneys, will satisfy the debt service payment obligations with respect to the Refunded Bonds until their redemption date. These direct obligations shall be deposited in an escrow account held by the Trustee, as escrow agent for the Refunded Bonds (the “Escrow Agent”), under an escrow agreement, dated as of June 1, 2019 (the “Escrow Agreement”), that will require the Escrow Agent to apply the principal of, and interest on such obligations, together with other moneys held by the Escrow Agent, to the payment of interest on the Refunded Bonds when due and redemption of the Refunded Bonds on the redemption date of September 1, 2019 at the redemption price equal to 100% of the principal amount to be redeemed plus interest accrued thereon.

Upon such irrevocable deposit with the Escrow Agent the Refunded Bonds will be defeased and will no longer be entitled to the pledge of and charge and lien upon the revenues pursuant to the indenture under which the Refunded Bonds were issued. Amounts held by the Escrow Agent pursuant to the Escrow Agreement will not be available for payment of debt service on the Series 2019 Bonds.

In connection with the defeasance of the Refunded Bonds, Causey Demgen & Moore P.C., independent certified public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the amounts deposited pursuant to the Escrow Agreement to pay the principal of, and interest on, the Refunded Bonds on their payment and redemption date. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

The following table contains certain information related to the Refunded Bonds.

**South Bayside Waste Management Authority
Solid Waste Enterprise Refunding Revenue Bonds
(Shoreway Environmental Center)
Series 2009A**

Maturity Date (September 1)	Principal Amount	Interest Rate	CUSIP [†] Number
2019	\$ 1,495,000	5.00%	83646AAH6
2024	8,710,000	5.25	83646AAJ2
2029	11,470,000	6.25	83646AAK9
2036	23,010,000	6.00	83646AAL7

The 2019 Project

The 2019 Project generally consists of construction of various improvements and acquisition and installation of certain associated equipment to the Shoreway Environmental Center, as more particularly described below. As described in “THE ENTERPRISE – Projected Operating Results,” the Authority anticipates that implementation of the 2019 Project will result in significant savings in labor costs (due to increased use of robotic and other mechanical sorting equipment), as well as increases in recovered materials revenues (due to increased quality and quantity of recovered materials).

The total cost of the 2019 Project, which will be funded from a portion of the proceeds of the 2019B Bonds and other available funds of the Authority, is projected to be approximately \$20 million, consisting of the following components:

<u>2019 Project Component</u>	<u>Cost (millions)</u>
Materials Recovery Facility Equipment Improvements	\$15.58
Organics-to-Energy Pilot Project	2.25
Other Capital Improvements	2.17
Total	<u>\$20.00</u>

Materials Recovery Facility Equipment Improvements

Optical Sorting Machine: This component of the 2019 Project consists of an optical sort system to be used for high-speed separation of contamination out of mixed paper to capture more commodity revenues. The Authority projects that optical sorting will (i) capture additional cardboard and containers and (ii) result in the recovery of higher quality paper materials that are expected to be sold at higher prices than currently achieved.

Robotic Residue Sorting Equipment/Quality Control System: This component of the 2019 Project consists of a robotic sorting system that utilizes advanced recognition and artificial intelligence technology to identify and sort a wide variety of materials. The Authority believes that applying this robotic system to residue generated by the Materials Recovery Facility will result in a reduction in sort labor expense and the capture of recyclable materials which are currently disposed. Additionally, this robotic sorting system will be installed at the end of all fiber sort lines to identify, record, and report the fiber composition and quality. This information can be used in connection with the installation of the optical sort system to be implemented in the additional sort system improvements described below to maximize the ability of the Materials Recovery

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers

Facility to meet the fiber commodity quality standard for high grade paper and increase the marketability of the recovered materials.

Enhanced Glass Cleanup System: The component of the 2019 Project is designed to remove contaminants through a combination of magnets, screening and air. The Authority anticipates that the enhanced glass cleanup system will increase the quality of the glass recovered by reducing contamination with shredded paper, batteries, and small metals and plastic contaminants. In addition, the system is expected to remove batteries and to reduce exposure to fires caused by batteries. See “THE ENTERPRISE - 2016 Fire at the Shoreway Environmental Center.”

Sort System Upgrades: This component of the 2019 Project consists of additional high speed optical sorting technology to remove contamination and meet new paper quality standards. Six-optical sorters will be installed to replace manual sorting by Authority employees in order to increase the quality of materials recovered and recover additional recyclables. The Authority anticipates that this will result in increased revenues and a reduction in labor costs.

Organics-to-Energy Pilot Project

This component of the 2019 Project consists of the acquisition and installation of equipment that will process approximately 75 tons of organics materials per day (the “Organics-to-Energy Pilot Project). The Authority is undertaking this small-scale pilot project to determine the efficacy and cost-effectiveness of the processing equipment and materials disposal arrangements and to determine whether or not to proceed with the full scale O2E Project described in “THE ENTERPRISE – Future Capital Improvements.” In addition to \$2.25 million of the proceeds of the Series 2019 Bonds to pay the costs of the Organics-to-Energy Pilot Project, the Authority intends to use \$3 million of grant moneys received from the California Department of Resources Recycling and Recovery.

The organic materials to be processed include approximately 50 tons per day of source-separated organic materials delivered from commercial establishments and approximately 25 tons of solid waste material. The solid waste material is first fed into a bag opening machine and then sent to separate machinery where the material is subjected to high compression to extract the organic material. Plastic and grit are removed from the extracted material, and water is added to make a slurry. The slurry will then be pumped to storage tanks prior to being transported to third parties for organics digestion.

The Authority has entered into memoranda of understanding (“MOUs”) with East Bay Municipal Utilities District and Silicon Valley Clean Water relating to the Organics-to-Energy Pilot Project. East Bay Municipal Utilities District and Silicon Valley Clean Water both operate wastewater treatments facilities which utilize organic materials for the generation of electricity. The MOUs generally provide that the parties will consider development of potential agreements pursuant to which the Authority will deliver the organic slurry to either or both of the East Bay Municipal Utilities District and Silicon Valley Clean Water facilities for processing. Pursuant to the MOUs the parties will determine the appropriate allocations of costs and benefits of the potential agreements. In the event that the Authority ultimately does not enter into definitive agreements for the delivery of the organic slurry, the Authority anticipates it would dispose of the organic slurry at Ox Mountain Landfill or an alternate disposal site, without material increases in its current cost for the disposal of the organic materials which will be processed through the Organics-to-Energy Pilot Project.

Other Capital Projects

Approximately \$2.17 million of the proceeds of the Series 2019 Bonds will be used to pay the initial costs of a compressed natural gas fueling station (the “CNG Fueling Station”). The CNG Fueling Station is more particularly described in “THE ENTERPRISE – Future Capital Improvements.”

2019 Project Schedule

The Authority anticipates issuing purchase orders for the Single Optical Sorting Equipment, Robotic Sorting Equipment, and Enhanced Glass Cleanup System in September 2019. Manufacturing of those components of the 2019 Project is expected to be completed by April 2020, with installation (including acceptance testing) at the Shoreway Environmental Center by September 2020. The Authority expects to issue the purchase order for the Sort System Upgrades two to three months after installation of the other components described above (so as to allow the Authority to make adjustments to the final Sort System Upgrade configuration after taking into account initial performance of the prior components). Manufacturing and installation of the Sort System Upgrades is expected to be completed 9 to 12 months after the purchase order (in July to September 2021). Installation of the Organics-to-Energy Pilot Project is scheduled to commence in May 2019, and is expected to be completed by April 2020.

The estimated costs of, and the projected schedule for, the 2019 Project are subject to a number of uncertainties. The ability of the Authority to complete the 2019 Project may be adversely affected by various factors. See “CERTAIN RISK FACTORS – Construction Risk.”

The Indenture permits the Authority to change the specifications of the 2019 Project (so long as such change does not substantially alter the nature of the Project), and to designate an alternate project (“Alternate Project”).

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are set forth below:

	Series 2019A Bonds	Series 2019B Bonds
Estimated Sources of Funds:		
Par Amount		
Net Original Issue Premium		
Available Amounts from Refunded Bonds		
Total Sources		
Estimated Uses of Funds:		
2019 Project Fund		
Escrow Account		
Reserve Fund		
Costs of Issuance ⁽¹⁾		
Total Uses		

⁽¹⁾ Includes rating agency, legal, municipal advisor, verification agent and trustee fees, underwriter’s discount and printing costs and other costs of issuance incurred in connection with the issuance of the Series 2019 Bonds.

THE SERIES 2019 BONDS

General

The Series 2019 Bonds shall be dated the date of issuance, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rates per annum (payable semiannually on March 1 and September 1 in each year, commencing on March 1, 2020) and shall mature and become payable on March 1 in each of the years in the principal amounts set forth on the cover page hereof. The Series 2019 Bonds shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The Series 2019 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of a nominee of The Depository Trust Company, New York, New York

(“DTC”), which will act as securities depository for the Series 2019 Bonds. See “Book-Entry System” below and Appendix E— “BOOK-ENTRY SYSTEM.”

Redemption

Optional Redemption. The Series 2019 Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on or after September 1, 20__ are subject to optional redemption on any date on or after September 1, 20__, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest to the redemption date, without premium.

Mandatory Redemption. The Series 2019A Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on September 1, 20__, from mandatory sinking fund payments set aside in the Payment Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

<u>Redemption Date</u> <u>(September 1)</u>	<u>Redemption</u> <u>Amount</u>
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(Maturity)

If some but not all of such Series 2019 Bonds subject to mandatory redemption have been redeemed pursuant to optional redemption, the total amount of all related future sinking fund payments shall be reduced by the aggregate principal amount of such Series 2019 Bonds subject to mandatory so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority (notice of which determination which shall include a revised sinking fund schedule shall be given by the Authority to the Trustee).

Extraordinary Optional Redemption. The Series 2019 Bonds are subject to redemption, in whole or in part on any date, from the Net Proceeds of insurance or condemnation with respect to the Enterprise, which Net Proceeds are deposited in the Payment Fund and credited towards the prepayment of the Debt Service Payments, at a redemption price equal to the principal amount of the Series 2019 Bonds to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Purchase in Lieu of Redemption. In lieu, or partially in lieu, of redemption, moneys of the Authority may be used to purchase Outstanding Series 2019 Bonds in accordance with the Indenture. Purchases of Outstanding Series 2019 Bonds may be made by the Authority prior to the selection of Series 2019 Bonds for redemption by the Trustee, at public or private sale as and when and at such prices as the Authority may in its discretion determine but only at prices (including brokerage or other expenses) of not more than par plus applicable accrued interest and redemption premiums, and any accrued interest payable upon the purchase of Series 2019 Bonds may be paid from the amount in the Payment Fund for payment of interest on the following Interest Payment Date.

Selection of 2019 Bonds for Redemption. In the event that part, but not all, of the Series 2019 Bonds are to be redeemed (except for mandatory sinking fund redemption), the Bonds to be redeemed shall be selected by the Trustee among maturities as designated in writing by the Authority and by lot within a maturity; provided, however, that, as shall be set forth in a Certificate of the Authority, the Bonds may be redeemed by any maturity or maturities selected by the Authority, and by lot within a maturity. For the purpose of the selection described in this Section, all Bonds registered in the name of the same Owner shall be

aggregated and treated as a single Bond held by such Owner. Notwithstanding any of the foregoing, in any such partial redemption the Trustee shall call the Bonds in integral multiples of \$5,000.

Notice of Redemption. When redemption is authorized or required pursuant to the Indenture, the Trustee shall give notice (the "Redemption Notice"), at the expense of the Authority, of the redemption of the Series 2019 Bonds. Such Redemption Notice shall specify: (a) the Series 2019 Bonds or designated portions thereof (in the case of redemption of the Series 2019 Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series 2019 Bonds to be redeemed, (f) if less than all the Series 2019 Bonds of a maturity are to be redeemed, the certificate numbers of the Series 2019 Bonds to be redeemed and, in the case of any 2019 Bond to be redeemed in part only, the amount of such 2019 Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each 2019 Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each 2019 Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice in respect of optional or extraordinary casualty redemption shall not be provided unless there has been deposited with the Trustee funds sufficient to pay such redemption price (except in the case of redemption resulting from the issuance of refunding obligations).

Subject to the provisions stated above, the Trustee shall take the following actions with respect to such Redemption Notice:

(a) (i) At least thirty (30) but not more than forty-five (45) days prior to the redemption date or (ii) immediately upon receipt of Net Proceeds from insurance or condemnation awards which are to be used to redeem Bonds, the Trustee shall cause Redemption Notices to be given to the respective Owners of 2019 Bonds designated for redemption by first class mail, postage redeemed, at their addresses appearing on the Bond Register maintained by the Trustee.

(b) At least thirty (30) days prior to the redemption date, such Redemption Notice shall be given to each of the Securities Depositories.

Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Each check or other payment method used by the Trustee for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The Authority shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Series 2019 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Purchase in Lieu of Redemption. In lieu, or partially in lieu, of such call and redemption, moneys of the Authority may be used to purchase Outstanding Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds may be made by the Authority prior to the selection of Bonds for redemption by the Trustee, at public or private sale as and when and at such prices as the Authority may in its discretion determine but only at prices (including brokerage or other expenses) of not more than par plus applicable accrued interest and redemption premiums, and any accrued interest payable upon the purchase of Bonds may be paid from the amount in the Payment Fund for payment of interest on the following Interest Payment Date.

Book-Entry System

DTC will act as securities depository for the Series 2019 Bonds, and the Series 2019 Bonds will be registered in the name of Cede & Co. (DTC's nominee). One fully-registered certificate will be issued for each maturity of the Series 2019 Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Series 2019 Bonds, references herein to the Owners of the Series 2019 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners.

The Authority cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Series 2019 Bonds received by DTC or its nominee as the registered Owner, or any prepayment or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement.

See Appendix E for a further description of DTC and its book-entry system. The information presented therein is based solely on information provided by DTC.

DEBT SERVICE SCHEDULE

Following is the debt service schedule with respect to the Series 2019A Bonds, and the Series 2019B Bonds:

<u>Year Ending December 31</u>	<u>2019A Bonds Principal</u>	<u>2019A Bonds Interest</u>	<u>2019B Bonds Principal</u>	<u>2019B Bonds Interest</u>	<u>Total Debt Service</u>
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Totals:

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

Generally

The Authority's obligation under the Indenture to make payments of principal and interest on the Series 2019 Bonds is a special obligation of the Authority payable solely from amounts pledged therefor, including certain revenues of the Authority under the Indenture and will be on a parity with additional Parity Obligations (as hereinafter defined) of the Authority issued or executed under the Indenture subject to the application of such revenues as permitted by the Indenture. The revenues of the Authority so pledged consist primarily of the Net Revenues of the Enterprise. The Net Revenues consist of Revenues of the Authority in any Calendar Year, less the Maintenance and Operation Costs of the Enterprise for such Calendar Year.

"Revenues" means all gross income and revenue received or receivable by the Authority from the ownership or operation of the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including all rates, fees and charges received by the Authority for the Enterprise and the other services of the Enterprise, revenues from sale of commodities and all proceeds of insurance covering business interruption loss relating to the Enterprise and all other income and revenue howsoever derived by the Authority from the ownership or operation of the Enterprise or arising from the Enterprise, amounts transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Indenture, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to this Indenture, but excluding any (i) amounts transferred from the Revenue Fund to the Rate Stabilization Fund pursuant to the Indenture, (ii) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific facilities, (iii) grants which are designated by the grantor for a specific purpose and are therefore not available for other purposes, or (iv) customers' deposits or any other deposits subject to refund until such deposits have become the property of the Authority, which shall not constitute Revenues.

"Maintenance and Operation Costs" of the Enterprise means all reasonable and necessary costs paid or incurred by the Authority for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including payments due under or pursuant to the Operation Agreement, disposal costs, all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including all administrative costs of the Authority that are charged directly or apportioned to the operation of the Enterprise, such as salaries and wages of employees (including any payments related to retirement or post-retirement benefits then-currently payable), overhead, taxes (if any) and insurance premiums, and including all other reasonable necessary costs of the Authority or charges required to be paid by it to comply with the terms hereof or of any Supplemental Indenture, such as compensation, reimbursement and indemnification of the Trustee and fees and expenses of Independent Consultants; but excluding in all cases (i) Debt Service on the Bonds, Parity Obligations and Subordinate Obligations, (ii) the fee payable to the City of San Carlos pursuant to the Authority Agreement, (iii) capital improvements to the Enterprise, (iv) depreciation, replacement and obsolescence charges or reserves therefor, and (v) amortization of intangibles or other bookkeeping entries of a similar nature.

"Parity Obligations" means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the Authority, payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with the payment of the Debt Service Payments pursuant to the Indenture. See "Additional Parity Obligations" below.

Indenture of Trust

The Indenture authorizes the execution of and secures the payment of the Series 2019 Bonds. The Indenture contains various covenants and agreements of the Authority relating to financial and operational aspects of the Enterprise, including covenants relating to the provision of solid waste management services by

the Authority and the setting and collection of rates and charges at specified levels. See “Rate Covenant” below. The Indenture also contains covenants relating to the following matters, among others: the establishment of accounts and payment priorities for Maintenance and Operation Costs and other expenses of the Enterprise; the preparation of an annual budget and reconciliation thereof; the maintenance of specified reserves; the prudent operation and maintenance of the Enterprise; compliance with laws; and adherence to insurance requirements.

The Indenture provides that the Authority may, subject to the terms of the Indenture (including, with certain exceptions, certain financial tests), issue one or more series of additional Parity Obligations, as necessary or desirable to discharge the Authority’s purposes in connection with solid waste management and any amount payable in accordance with such additional Parity Obligations would be payable on a parity with the Series 2019 Bonds. See “Additional Parity Obligations” below.

Net Revenues; Flow of Funds

Pursuant to the Indenture, the Authority pledges the Net Revenues to the punctual payment of the Debt Service Payments and such Net Revenues shall not be used for any other purpose while any of the Series 2019 Bonds remain outstanding, except as provided in the Indenture (including payments with respect to Parity Obligations). The pledge of the Net Revenues pursuant to the Indenture shall constitute a first lien on the Net Revenues for the payment of the Debt Service Payments and payments with respect to Parity Obligations, and payments in accordance with the terms of the Indenture.

Pursuant to the provisions of the Indenture, the Authority is required to deposit all Revenues into the Revenue Fund upon receipt. The Revenue Fund is held by the Authority. The Indenture provides that all Revenues in each of such accounts shall be held in trust and will be accounted for and held in trust for the benefit of Bond Owners and for payments with respect to Parity Obligations in the Revenue Fund and shall be applied, used and withdrawn only for the purposes authorized in the Indenture at the specified times and in the following order of priority:

(1) Maintenance and Operation Costs. The Authority shall pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Enterprise, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable.

(2) Debt Service Funds. Debt Service Payments and all other payments relating to principal and interest on or with respect to Parity Obligations, shall be paid in accordance with the terms of the Indenture and of such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

On or before the third to last Business Day of each month which precedes an interest payment date with respect to the Series 2019 Bonds or any Parity Obligations, the Authority shall transfer from the Revenue Fund for deposit with the Trustee in the Debt Service Account (with respect to the Series 2019 Bonds) or any debt service account established with respect to any Parity Obligations, an amount of Revenues equal to the amount of interest becoming due and payable on the Outstanding Series 2019 Bonds or Parity Obligations on the Interest Payment Date without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference. No deposit need be made into the Debt Service Account if the amount contained therein is at least equal to the interest to become due on the Series 2019 Bonds on the next Interest Payment Date.

On or before the third to last Business Day of each month which precedes a principal payment date with respect to the Series 2019 Bonds or any Parity Obligations, the Authority shall transfer from the Revenue Fund for deposit with the Trustee in the Debt Service Account (with respect to the Series 2019 Bonds) or debt service account established with respect to Parity Obligations, an amount of Revenues equal to the aggregate

amount of principal becoming due and payable on the Series 2019 Bonds or Parity Obligations on the next principal payment date without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference. No deposit need be made into the Debt Service Account if the amount contained therein is at least equal to the principal to become due on all Series 2019 Bonds on the next principal payment date.

(3) Reserve Funds. Payments required pursuant to the Indenture, or with respect to Parity Obligations, to replenish debt service reserve funds established for Parity Obligations shall be made in accordance with the terms of the Indenture and such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference. On or before the last Business Day of each month, the Authority shall transfer from the Revenue Fund for deposit with the Trustee in the Series 2019 Reserve Fund such amount of Revenues as shall be required to restore the Series 2019 Reserve Fund to an amount equal to the Reserve Requirement in twelve equal monthly installments.

General Expenditures; Surplus. All Revenues not required to be withdrawn pursuant to the provisions of (1) through (3) above shall be used for expenditure for any lawful purpose of the Authority, including but not limited to payment of Maintenance and Operation Costs of the Enterprise, payment of any rebate requirement or payment of any Subordinate Obligation, or for deposit into a Rate Stabilization Fund or other reserve funds.

Rate Covenant

Pursuant to the Indenture, the Authority is required, at all times while any of the Bonds remain Outstanding, to fix, prescribe and collect rates, fees and charges, and collect such other revenues in connection with the Enterprise which, when added to the Additional Revenues, will yield Revenues in each Calendar Year at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts due in each Calendar Year in the order below set forth:

- (1) All current Maintenance and Operation Costs.
- (2) The interest on and principal of the Bonds and any Parity Obligations as they become due and payable.
- (3) All payments required for compliance with the terms hereof, including restoration of the Series 2019 Reserve Fund to an amount equal to the Reserve Requirement, and of any documents providing for the issuance of Parity Obligations pursuant to the Indenture.
- (4) All payments to meet any other obligations of the Authority which are charges, liens or encumbrances upon, or payable from, the Revenues.

In addition to the foregoing requirements, the Indenture provides that the Authority will, at all times while any of the Bonds remain Outstanding, fix, prescribe and collect rates, fees and charges in connection with the Enterprise for each Calendar Year so as to yield Net Revenues during such Calendar Year equal to at least 1.40 times the Debt Service in such Calendar Year plus scheduled principal and interest payments on or with respect to any Parity Obligations. For purposes of this calculation, Revenues may include any amounts appropriated to the Revenue Fund by the Authority from the Rate Stabilization Fund in accordance with the Indenture.

The Authority may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of the Indenture.

If the Authority violates the covenants described above, such violation shall not, in and of itself, be a default under the Indenture and shall not give rise to a declaration of an Event of Default if (i) the Revenues do not decrease below 1.00 times annual principal and interest with respect to the Series 2019 Bonds, Parity Obligations, amounts sufficient to maintain the Series 2019 Reserve Fund at the Reserve Requirement, and Maintenance and Operation Costs of the Enterprise, and (ii) within 120 days after the date such violation is discovered, the Authority hires an Independent Consultant to review the revenues and expenses of the Enterprise and abides by such consultant's recommendations to revise the schedule of rates, fees and charges and to revise any Maintenance and Operation Costs of the Enterprise insofar as practicable and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance; provided, however, that if the Authority does not cure such violation within twelve (12) months succeeding the date such violation is discovered, an Event of Default shall be deemed to have occurred under the Indenture.

Rate Stabilization Fund

The Indenture provides that the Authority will maintain a fund, or establish through journal entries or other accounting conventions relating to existing funds of the Authority, in either case to be known as the "Rate Stabilization Fund." From time to time the Authority may deposit or designate in the Rate Stabilization Fund from Revenues such amounts as the Authority shall determine, provided that deposits for each Calendar Year may be made until (but not after) 150 days following the end of such Calendar Year. The Authority may withdraw amounts from the Rate Stabilization Fund for transfer to the Revenue Fund for inclusion in Revenues for any Calendar Year, such withdrawals to be made until (but not after) 150 days after the end of such Calendar Year. All interest or other earnings on deposits or designations in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. Amounts withdrawn from the Rate Stabilization Fund will be added to Revenues for the purpose of determining Revenues and amounts deposited in the Rate Stabilization Fund will be subtracted from Revenues for the purpose of determining Revenues; provided, however, that amounts on deposit in the Rate Stabilization Fund as of the date of issuance of the Series 2019 Bonds shall not be deducted from Revenues for purposes of determining Revenues under the Indenture for Calendar Year 2019.

Additional Parity Obligations

The Indenture provides that, so long as any Series 2019 Bonds are Outstanding, the Authority shall not issue or incur any obligations payable from Net Revenues senior or superior to the Debt Service Payments and interest thereon. The Authority may issue or incur any such Parity Obligations subject to the following specific conditions:

- (1) No Event of Default shall have occurred and be continuing (unless the express purpose of the Parity Obligations is to cure such Event of Default);
- (2) The Net Revenues for twelve consecutive months out of the eighteen months preceding the date of the issuance of the Parity Obligations, as shown in a written certificate of the Authority on file with the Trustee; plus
 - (i) An allowance for Net Revenues for such twelve month period from any additions, betterments or improvements to the Enterprise which have been made from any source but which, during all or any part of such period, were not in service, in an amount equal to one hundred per cent (100%) of the amount by which the Net Revenues would have been increased if such addition, betterment or improvement had been in service during the whole of such twelve month period, as shown by a written certificate of the Authority on file with the Trustee; and
 - (ii) An allowance for increased Net Revenues arising from any increase in the rates, fees and charges for the Enterprise which became effective prior to the date of the

issuance of such additional Series of Bonds or Parity Obligations but which, during all or any part of such twelve month period, was not in effect, in an amount equal to one hundred per cent (100%) of the amount by which the Net Revenues would have been increased if such increase in rates, fees and charges had been in effect during the whole of such period, as shown by a written certificate of the Authority on file with the Trustee,

shall have produced a sum equal to at least 1.40 times the highest amount of principal and interest payable during any Calendar Year on all then Outstanding Series 2019 Bonds and any Parity Obligations; provided, that in the event all or any portion of the Parity Obligations is to be issued for the purpose of refunding any Series 2019 Bonds or Parity Obligations then Outstanding, interest and principal payments on the Series 2019 Bonds or Parity Obligations to be so refunded from the proceeds of such Parity Obligations being issued shall be excluded from the foregoing computation of the highest amount of principal and interest payable during any Calendar Year.

(3) With respect to any additional Parity Obligation, the Authority may, in its sole discretion (but is not required to), establish a reserve fund in an amount not to exceed the limits set forth in the Indenture.

The provisions of subsection (2) described above shall not apply to any Parity Obligations issued for the purpose of refunding or prepaying the principal of and interest and premium (if any) on any Outstanding Series 2019 Bonds or on any outstanding Parity Obligations, if at the time of the incurring of such Parity Obligations, the Authority certifies in writing that the annual debt service with respect to such Parity Obligations will not exceed, in any Calendar Year, the annual debt service on the Outstanding Series 2019 Bonds or Parity Obligations to be refunded, as applicable.

Subordinate Obligations

The Indenture provides that the Authority may at any time execute or issue Subordinate Obligations contracts, bonds or other indebtedness of the Authority payable from the Revenue Fund on a subordinated basis to the payment of the Debt Service Payments.

Series 2019 Reserve Fund

The Indenture establishes a Series 2019 Reserve Fund held by the Trustee for the payment of the Series 2019 Bonds which is required to be initially funded with proceeds of the Series 2019 Bonds at the Reserve Requirement. The Series 2019 Reserve Fund shall initially be funded, and shall continuously be funded, in an amount equal to the Reserve Requirement. The Trustee shall hold the Series 2019 Reserve Fund in trust and shall apply moneys in the Series 2019 Reserve Fund in accordance with the following provisions.

Amounts on deposit in the Series 2019 Reserve shall only be used for the payment of debt service with respect to the Series 2019 Bonds, and are not available for the payment of any other Parity Obligation

If, two (2) Business Days prior to any Interest Payment Date, the money in the Payment Fund does not equal the amount required to be paid to the Series 2019 Bond Owners on such date, the Trustee shall transfer from the Series 2019 Reserve Fund to the Payment Fund the amount of such insufficiency; provided, if the Series 2019 Reserve Fund is funded with a surety bond, insurance policy or other comparable credit facility as described below, the Trustee shall take such action as is necessary to make a claim under the surety bond or insurance policy, respectively, so that the amount of such insufficiency is paid or available to the Trustee on such Interest Payment Date under the terms of such instrument.

If, following valuation or calculation thereof, the amount available and contained in the Series 2019 Reserve Fund (valued as provided in Indenture) exceeds the Reserve Requirement and if the Trustee does not

have actual knowledge of an Event of Default hereunder, the Trustee shall withdraw the amount of such excess from the Series 2019 Reserve Fund. The Trustee shall deposit such amount in the Debt Service Account. For purposes of determining the amount on deposit in the Series 2019 Reserve Fund, the Trustee shall make a valuation of the Series 2019 Reserve Fund as of June 30 of each year. Except for such withdrawals, all money in the Series 2019 Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making the payments of principal and interest on the Bonds in the event that amounts on deposit in the Payment Fund are insufficient for such purposes.

If amounts on deposit in the Series 2019 Reserve Fund shall, at any time, be less than the applicable Reserve Requirement, such deficiency shall be made up by the Authority from the first available Net Revenues after required payment of Debt Service Payments over a twelve (12) month period, in twelve (12) substantially equal payments, as provided in the Indenture, and the Series 2019 Reserve Fund shall be valued monthly until amounts on deposit therein equal the Reserve Requirement.

In lieu of making the Series 2019 Reserve Fund deposits in compliance with the Indenture, or in replacement of moneys then on deposit in the Series 2019 Reserve Fund, the Authority may, without the consent of the Owners, and with an opinion of nationally recognized bond counsel that such delivery complies with the provisions hereof, deliver to the Trustee a surety bond or an insurance policy securing an amount, together with moneys on deposit in the Series 2019 Reserve Fund, equal to the Reserve Requirement. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated, at the time of delivery, in one of the two the highest rating category of Moody's or S&P (without regard to qualifier). Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds.

The Trustee shall, on a pro rata basis with respect to the portion of the Series 2019 Reserve Fund held in the form of surety bonds and insurance policies (calculated by reference to the maximum amounts of such surety bonds and insurance policies and the amount of the initial deposit of such cash), draw under each surety bond or insurance policy, in a timely manner and pursuant to the terms of such surety bond or insurance policy to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed as required herein.

Following the replacement of moneys then on deposit in the Reserve Fund by a surety bond or insurance policy as provided herein, any moneys on deposit in the Reserve Fund in excess of the Reserve Requirement shall be transferred by the Trustee to the Payment Fund or the Project Fund, at the written direction of the Authority, to be credited as provided herein.

Limited Liability

THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL AND INTEREST ON THE SERIES 2019 BONDS IS A LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM THE AMOUNTS PLEDGED THEREFOR AND DOES NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY OR THE MEMBERS ARE OBLIGATED TO LEVY OR PLEDGE OR HAVE LEVIED OR PLEDGED ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2019 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE MEMBERS, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA, ANY STATUTORY DEBT LIMITATIONS OR OTHERWISE, OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR THE MEMBERS.

THE ENTERPRISE

The Authority

The Authority was originally formed in 1999, among the Cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos, San Mateo, the towns of Atherton, Hillsborough, the West Bay Sanitary District and the County of San Mateo pursuant to Articles 1 through 4, commencing with Section 6500 of Chapter 5, Division 7, Title 1 of the California Government Code. The Authority is the successor entity to the South Bayside Transfer Station Authority (“SBTSA”), a joint exercise of powers authority among the same agencies to generally provide an adequate flow of municipal solid waste to the San Carlos Transfer Station. Pursuant to the Authority Agreement, the purpose of the Authority is to provide for the joint ownership, financing, administration, and operation of regional solid waste management facilities, and for the joint planning, adoption, financing, administration, management, review, monitoring, enforcement and reporting of solid waste, recyclable material and plant material collection activities. Pursuant to its terms, the Authority Agreement may not be terminated while any Series 2019 Bonds are outstanding.

Pursuant to the Authority Agreement, the Authority is authorized to, among other things, enter into agreements to operate solid waste, recyclable material and plant material transfer, transport and processing facilities; plan, design and implement programs that address transfer, processing and diversion requirements; enter into franchise agreements for the use of the transfer station; require Members to direct all of their solid waste, recyclable materials and plant materials to the system for processing and transfer. As a requirement of membership in the Authority, each Member must at all times (i) have the authority to grant solid waste collections franchises; (ii) agree to commit to direct the flow of solid waste, recycling and plant material generated within the respective jurisdiction to those facilities specified in the Authority Agreement, so long as the Series 2019 Bonds remain outstanding; and (iii) have the authority to set rates sufficient to provide for the financing and operations of the Enterprise. Pursuant to the Authority Agreement, the Authority can require Members to deliver waste, plant material and recyclable materials collected through their respective franchisees to the Enterprise. The Authority Agreement provides for the payment of an annual fee to the City San Carlos, as the host city for the Shoreway Environmental Center. The fee paid to the City of San Carlos is generally equal to 5% of the gate fee revenues received by the Authority. In the Fiscal Year 2018-19 adopted budget the amount was approximately \$2.3 million. The Indenture provides that the fee payable to the City of San Carlos is paid after required deposits of principal and interest with respect to the Series 2019 Bonds and any other outstanding Parity Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Net Revenues; Flow of Funds.”

The Authority Agreement provides that a Member may not withdraw from the Authority unless and until that Member achieves the following:

- a. The liquidation in full of the Member’s proportion of any and all existing debts, obligations, and liabilities incurred, earned, or expected to be earned by the date of withdrawal, as determined by the Board.
- b. The provision to the Authority of a written notice of intent to withdraw from the Authority at least six (6) months prior to the end of the current Rate Year, specifying the date on which the Member intends to withdraw.
- c. The approval of such withdrawal by a 4/5 affirmative vote of Equity Members. (All of the current Members of the Authority are Equity Members.)

As described below in “Waste Collection Practices of the Members; Exclusive Franchise Arrangements” the Town of Atherton has publicly indicated it may consider withdrawing from the Authority in 2020, depending on the results of a solid waste collection contractor procurement process it intends to undertake.

Organization and Management

The Authority is governed by a twelve member governing board, consisting of one Director for each Member. The current Chair of the Board is the representative from the Town of Hillsborough. The Authority has eight employees, including an Executive Director. The Authority has entered into arrangements with consulting and other firms to provide support services to the Authority. On July 1, 2019, the City of Redwood City will take over certain support services previously provided by the City of San Carlos.

Service Area

Economy in the Authority Service Area. The service area of the Authority consists of the geographical area of the Members. Major employers in the Authority service area include those in county government, financial services, education, health care, electronics and food services. A map of the Authority service area is on the following page. See Table 1 for population information concerning the Members of the Authority.

[INSERT SERVICE AREA MAP]

Population in the Authority Service Area. The following table contains population information concerning the Members of the Authority:

**TABLE 1
POPULATION INFORMATION RELATING TO
THE AUTHORITY MEMBERS**

<u>Member</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City of San Mateo	100,403	101,608	103,006	103,465	104,490
City of Redwood City	82,775	84,204	86,079	86,271	86,380
County Unincorporated Area ⁽¹⁾	64,539	64,925	65,282	65,450	65,828
City of Menlo Park	32,667	32,902	32,976	34,789	35,268
City of Foster City	32,736	32,954	33,087	33,287	33,490
City Burlingame	29,817	29,992	30,182	30,207	30,294
City of San Carlos	29,425	29,489	29,534	29,681	29,897
City of Belmont	26,940	27,184	27,371	27,343	27,388
City of East Palo Alto	29,928	30,450	30,604	30,718	30,917
Town of Hillsborough	11,159	11,186	11,216	11,389	11,543
Town of Atherton	7,007	7,041	7,074	7,100	7,135
Total SBWMA	447,396	451,935	456,411	459,700	462,630
Annual Growth Rate					

⁽¹⁾ Not all the unincorporated area in the County of San Mateo is served by SBWMA.
Source: The Authority

Waste Collection Practices of the Members; Exclusive Franchise Arrangements

The Authority does not provide collection services to the Members. As required by the Authority Agreement, each of the Members currently has an exclusive franchise arrangement (each, an “Exclusive Franchise”) between such Member and Recology San Mateo County (“Recology”). Pursuant to each Exclusive Franchise, Recology is obligated to (i) provide waste collection services for residential, commercial, and industrial customers in the Authority service area; (ii) pay the Member a franchise fee calculated on the basis of gross revenues generated by Recology in each respective jurisdiction; (iii) meet required diversion program levels in order to comply with the Members’ State mandated requirements relating to recycling and waste diversion. The Exclusive Franchises generally do not encompass the collection and disposal of certain limited types of materials, including self-hauled waste and yard waste disposed by landscapers, certain construction and demolition debris and hazardous waste.

Generally, Recology directly bills residences and commercial establishments to which Recology provides solid waste collection services, and Recology is responsible for collection of such amounts. Recology is also responsible for the payment of tipping fees for the use of the Shoreway Environmental Center, which Recology pays directly to the Authority.

In 2019 the Authority entered into negotiations with Recology on behalf of the Members to determine the terms of a potential extension of the Exclusive Franchises. (Prior to any extension, the Exclusive Franchises each would have expired December 31, 2020.) As of the date of this Official Statement, [ten] of the twelve Members of the Authority have entered into extensions to the Exclusive Franchise through December 31, 2034.] The extended Exclusive Franchises general provide for an increase in fees charged to Members of approximately 8% in 2021 (the first year of the extended term), with subsequent increases generally based on inflation indices.

The County of San Mateo has indicated that it intends to consider approval of the extension of its Exclusive Franchise in June 2019. As described above, pursuant to the Authority Agreement each Member is required to enter into an exclusive solid waste collection arrangement.

The Town of Atherton has elected to engage a consultant to assist the Town of Atherton in undertaking a competitive process for a solid waste collection contractor. In addition, the Town of Atherton has indicated that, depending on the results of the competitive process, it may choose a solid waste collection contractor other than Recology, and may also consider withdrawing from the Authority (subject to satisfaction of the requirements of withdrawal set forth in the Authority Agreement, as described above in “The Authority”). In 2018, materials delivered pursuant to the Town of Atherton Exclusive Franchise represented approximately 3.2% of the total waste delivered pursuant to all of the Members’ Exclusive Franchises.

Components of the Enterprise

The Enterprise currently consists of the 16-acre Shoreway Environmental Center located at 225 and 333 Shoreway Road, in San Carlos, California, which includes a transfer station, materials recovery facility, administration building, operation and maintenance facilities, a diesel fueling station, employee parking and pavement areas, and related equipment. The Enterprise also has various contractual arrangements made by the Authority for the acceptance and processing of materials, the sale of recovered materials, and the disposal of solid waste which is not recycled.

Transfer Station. The transfer station (“Transfer Station”) provides a central location to which Recology’s collection vehicles deliver solid waste and organic materials for transfer. Solid waste remaining after processing at the Shoreway Environmental Center is delivered (using long-haul transport vehicles) for disposal at the Ox Mountain Landfill. Organic materials are delivered to third parties for composting processing. (A portion of the organics materials will be processed through the Organics-to-Energy Pilot Project to be funded from a portion of the proceeds of the Series 2019 Bonds, and additional amounts may be processed through the full scale organics-to-energy project in the event that Authority determines to implement it.)

The permitted capacity of the Transfer Station is 3,000 tons per day. For the year ended December 31, 2018, the Authority estimates that the Transfer Station accepted approximately 1,100 tons per day of solid waste and approximately 460 tons per day of organic materials. The Transfer Station accepts all non-hazardous solid waste material produced by residential, commercial, municipal, industrial and/or agricultural activities that would be acceptable in a Class II disposal site, excluding sludge from wastewater treatment plants.

The Transfer Station is operated by South Bay Recycling (the “South Bay Recycling”) pursuant to an Agreement for Operation of the Shoreway Environmental Center, dated June 30, 2009 (the “Operations Agreement”) between the Authority and South Bay Recycling. Pursuant to the Operations Agreement, South Bay Recycling is obligated to operate and maintain the Transfer Station and the Materials Recovery Facility accept solid waste delivered to the Transfer Station and transfer and dispose of such waste, all in accordance with applicable law. Pursuant to the Operations Agreement, the Authority will pay South Bay Recycling fees for providing such operations services, which may be adjusted upward or downward (within specified limits) to reflect actual throughput and waste diversion at the Transfer Station and Materials Recovery Facility.

Processing fees payable to South Bay Recycling include a transfer station fee, Materials Recovery Facility fee, and transportation fees per ton per mile driven for the five key material types (solid waste, inerts, C&D debris, plant materials, and organics). Other significant provisions of the Operations Agreement include: a profit-sharing component regarding recycling, pursuant to which South Bay Recycling is entitled to 25% of recovered material revenues in excess of \$5.5 million. The Operations Agreement provides for escalation of various components of the fees payable to South Bay Recycling based on changes in labor costs, diesel fuel and electricity costs and depreciation. Base operating and maintenance costs escalate annually in accordance

with a formula that takes into account 80% of the local consumer price index, among other factors. The Operations Agreement also provides that South Bay Recycling will be reimbursed for a number of pass through costs incurred by South Bay Recycling. The Operations Agreement expires December 31, 2020. The Operations Agreement provides for three additional one year extensions, at the option of the Authority. The Authority's budget for Fiscal Year 2018-19 projects that the cost to the Authority pursuant to the Operations Agreement will be approximately \$20.5 million. Amounts payable to South Bay Recycling pursuant to the Operation Agreement constitute Maintenance and Operations Costs of the Enterprise.

The Authority imposes a per ton tipping fee on persons delivering solid waste to the Enterprise (including Recology in its role as franchise hauler for each of the Members). The tipping fee is currently \$121 per ton for solid waste, and \$126 per ton for plant materials. Pursuant to the Operations Agreement, South Bay Recycling will collect tipping fees from self haulers on behalf of the Authority and deposit such amounts on a monthly basis in an account established by the Authority. Pursuant to the Exclusive Franchises, Recology pays tipping fees with respect to waste collected pursuant to the Exclusive Franchise directly to the Authority, rather than the facility operator. Tipping fees collected at the Shoreway Environmental Center will constitute the most significant portion of overall revenues of the Authority, and were approximately \$32.3 million in 2018 (or approximately 63% of total revenues).

The Projected Operating Results contained herein include increases to tipping fees of 2.4%, 2.4%, and 2.5%, respectively, for 2020, 2021, and 2022 (with similar increases in future years). Such increases must be approved by the Board of the Authority.

The materials recovery facility ("Materials Recovery Facility") building is adjacent to the Transfer Station and occupies a 70,000 square foot industrial building. The Materials Recovery Facility provides a central processing facility for recyclable material collected from the buy-back, residential curbside and commercial recycling programs of the Members. The Materials Recovery Facility is currently operated by South Bay Recycling and currently handles an average of approximately 275 tons of recyclable materials per day (or approximately 70,000 tons per year). A portion of the proceeds of the Series 2019 Bonds will be used to pay the cost of various improvements to the Materials Recovery Facility.

Pursuant to the Operations Agreement, South Bay Recycling is responsible for sales of recovered recyclable materials. Revenues from the sale of recyclable materials in Calendar Year 2018 were approximately \$7.2 million (or approximately 14% of total Revenues). The market price of recyclable materials has been subjected to wide cyclical fluctuations in the past. In the last few years, prices of recycled materials have declined significantly. See "Historical Financial Results" and "RISK FACTORS – Fluctuation in Revenues from the Sale of Recyclable Materials." Certain of the improvements to the Materials Recovery Facility to be funded with a portion of the proceeds of the Series 2019 Bonds are expected to increase the amount of materials recovered, as well as the marketability of recovered materials.

South Bay Recycling is also responsible for delivery to the Ox Mountain Landfill of solid waste for disposal. Tipping fees payable to BFI for such solid waste is paid directly by the Authority to BFI.

Disposal Services - Ox Mountain Landfill. Pursuant to an agreement (the "Landfill Agreement") between the Authority and Browning-Ferris Industries of California, Inc. ("BFI"), the Authority utilizes the Ox Mountain Landfill for the disposal of solid waste delivered to the Enterprise. The Ox Mountain Landfill is owned and operated by BFI. The Ox Mountain Landfill is the only landfill currently operating in San Mateo County and is the principal disposal site for waste generated in the County. The Landfill Agreement specifies a per-ton tipping fee for the disposal of solid waste at the Ox Mountain Landfill, which is currently approximately \$42 per ton.

South Bay Recycling delivers waste collected at the Transfer Station (and not otherwise processed or disposed pursuant to the Authority's other arrangements described below) to the Ox Mountain Landfill. The Authority pays the disposal fee for waste delivered by the Members pursuant to the Exclusive Franchises. The

Authority's budget for Fiscal Year 2018-19 projects that the cost to the Authority the Landfill Agreement will be approximately \$9.0 million. Amounts payable to BFI pursuant to the Landfill Agreement constitute Maintenance and Operations Costs of the Enterprise.

In May 2019, the Authority entered into an extension of the Landfill Agreement following a competitive procurement for landfill disposal services. The extended term of the Landfill Agreement is through December 31, 2029. The extended Landfill Agreement provides for a tipping fee of \$___ in [Fiscal Year 2019-2020], which will escalate annually [[DESCRIBE ESCALATION RATE GENERALLY]]. [[In the extended Landfill Agreement, BFI represents that Ox Mountain Landfill has sufficient capacity for the disposal of Authority solid waste during the term of the Landfill Agreement and that it will maintain such capacity for the term of the Landfill Agreement.]]

The Authority has covenanted in the Indenture to continue to provide capacity for the disposal of a sufficient amount of solid waste so as to enable the Authority to meet the Rate Covenant. However, there can be no assurance that, in the event that the Ox Mountain Landfill was not available for any reason, the use of alternative disposal sites would not significantly increase the Enterprise's costs of transportation and disposal of waste. See "RISK FACTORS – Disposal Capacity" herein.

Other Contractual Arrangements. The Authority has entered into other contractual arrangements, for the processing and/or disposal of materials delivered to the Shoreway Environmental Center. Amounts payable by the Authority pursuant to these arrangements constitute Maintenance and Operations Costs of the Enterprise. These arrangements include the following:

C&D Debris Processing. Construction and demolition ("C&D") debris recovered at the Shoreway Environmental Center is delivered to a facility operated by Zanker Road Resource Management Ltd. ("Zanker"), where the C&D debris is processed for reuse or disposal. The Authority's budget for Fiscal Year 2018-19 projects that the cost to the Authority under such contracts will be approximately \$3.8 million. The contract with Zanker for C&D processing expires January 31, 2020, subject to extension for two additional one year periods unless terminated by either party. Amounts payable to Zanker constitute Maintenance and Operations Costs of the Enterprise.

Organics Processing Contracts. The Authority currently has two organics processing contracts, one with BFI (which provides for processing at a BFI facility 25 miles from the Shoreway Environmental Center) and Recology (which provides for processing at a Recology facility 73 miles away from the Shoreway Environmental Center). The BFI composting contract requires the Authority to deliver between 47,500-50,000 tons per year (at specified contamination standards) until December 31, 2022 at a cost of approximately \$4 million per year. The Recology composting contract requires the Authority to deliver at least 55,000 tons per year until December 31, 2020 at a cost of approximately \$3 million per year. Amounts payable by the Authority pursuant to these organics processing arrangements constitute Maintenance and Operations Costs of the Enterprise. The Authority anticipates that organics processed pursuant to these agreements will decline over the next several years as the Authority implements the Organics-to-Energy Pilot Project and, if implemented, the O2E Project.

Future Capital Improvements

In order to plan effectively for future requirements of the Enterprise, the Authority has developed a five-year capital plan which contains various projects and facility upgrades (the "Capital Plan"). The Capital Plan budget for calendar years 2019 through 2023 is approximately \$36.6 million, which includes the 2019 Project to be funded with the Series 2019B Bonds. See "PLAN OF FINANCE – The 2019 Project."

The projects within the Capital Plan (in addition to the 2019 Project) primarily consist of the Full Scale Organics to Energy Project (the "Full Scale O2E Project") and the installation of a new Compressed

Natural Gas (“CNG”) Fueling System at the Shoreway Environmental Center, as more particularly described below.

Full Scale O2E Project: The Authority anticipates proceeding with the Full Scale O2E Project (at a currently projected cost of approximately \$10 million) in 2020 in the event that the Organics-to-Waste Pilot Project is successfully implemented. A significant additional long term goal of the Full Scale O2E Project is to produce compressed natural gas (“CNG”) to be utilized by Recology for new collection vehicles which Recology is expected to begin to implement in 2023.

CNG Fueling System: In connection with new CNG collection vehicles to be purchased by Recology through 2023, the Capital Plan includes infrastructure enhancements and the installation of a new CNG fueling system at Shoreway Environmental Center to change the fuel used to run the collection fleet from biodiesel to CNG. This project is currently expected to cost approximately \$6.5 million (of which approximately \$2.17 is expected to be paid from a portion of the Series 2019B Bonds). This project also involves the closeout of the existing underground storage tank (“UST”) system and the addition of one new above ground storage tank (“AST”) for diesel for South Bay Recycling transfer trailers. Costs incurred through the closeout of old diesel system, installation of a new AST diesel system for South Bay Recycling and installation of the new CNG system is expected over a three year period from Calendar Year 2021 to Calendar Year 2023 prior to the purchase and delivery of new CNG connection vehicles by Recology. The Authority estimates that the project will reduce greenhouse gas emission by approximately 20-23% and will eliminate future potential groundwater contamination at Shoreway Environmental Center from fueling operations.

The table below contains projected capital improvement costs as well as funding sources.

TABLE 2
5-YEAR CAPITAL PLAN BUDGET
(CALENDAR YEAR)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL</u>
CIP Project Category						
MRF Equipment Improvements	\$3,664,972	\$7,789,972	\$4,125,000	-	-	\$15,579,944
Organics 2 Energy Pilot	2,250,000	-	-	-	-	2,250,000
Organics 2 Energy Full Project	-	5,000,000	5,000,000	-	-	10,000,000
UST Removal	-	-	1,500,000	-	-	1,500,000
New Fueling System	-	-	-	2,500,000	2,500,000	5,000,000
Other Capital Improvements	475,000	765,000	365,000	365,000	265,000	2,235,000
Total CIP Project Costs	\$6,389,972	\$13,554,972	\$10,990,000	\$2,865,000	\$2,865,000	\$36,564,944
Funding Source						
Series 2019 Bonds	\$5,914,972	\$7,789,972	\$6,295,056	-	-	\$20,000,000
Capital Reserves/Grants	475,000	5,765,000	4,694,944	2,865,000	2,765,000	16,564,944
Total Funding Sources	\$6,389,972	\$13,554,972	\$10,990,000	\$2,865,000	\$2,765,000	\$36,564,944

Source: The Authority.

Although the Indenture provides that the Authority may issue or incur additional Parity Obligations (subject to satisfaction of the conditions set forth therein), the Capital Plan does not contemplate the execution of any additional Parity Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS – Additional Parity Obligations” and APPENDIX B — “SUMMARY OF THE INDENTURE.”

Historical Waste Deliveries to Transfer Station and Materials Recovery Facility

Solid waste generated in the jurisdictions of the Members has been delivered to the Transfer Station since the 1980’s. Such waste generally can be divided into three distinct categories: (i) waste delivered pursuant to solid waste franchise agreements between the individual Members and their franchise hauler (“Franchise Tons”) (which, as described herein, must be delivered to the Enterprise by the franchise hauler as a contractual obligation of the hauler pursuant to the franchise agreement; see “Waste Collection Practices of the Members” herein); (ii) waste which is not contractually obligated to be delivered to the Enterprise, but which is collected by Recology outside the Members’ jurisdictions (“Non-Franchise Tons”); and (iii) waste which is not contractually obligated to be delivered to the Enterprise, but which is delivered by the general public (“General Public Tons”). Although the Authority believes that Non-Franchise Tons and General Public tons will continue to be delivered to the Enterprise because of the convenience and economic competitiveness of the Enterprise, haulers of Non-Franchise Tons and General Public tons are not legally or contractually obligated to utilize the Enterprise. See “–Competition” and “RISK FACTORS – Competition” herein. The following table shows historical waste deliveries to the Enterprise.

The following tables show historical volumes of materials received at the Transfer Station and Exclusive Franchise materials generation by Member.

**TABLE 3
HISTORICAL WASTE VOLUMES RECEIVED
AT THE TRANSFER STATION**

Calendar Year	Franchise Tons ^(a)	Non-Franchise Tons ^(b)	General Public Tons	Other ^(c)	Total Tons In
2011	341,923	76	47,076	7,200	396,275
2012	349,907	1,026	57,593	7,744	416,270
2013	345,903	84	67,421	7,832	421,239
2014	346,590	0	56,856	13,171	416,617
2015	349,307	3,542	69,010	14,221	436,080
2016	361,843	7,267	73,304	8,779	451,193
2017	368,992	14,869	76,601	11,231	471,693
2018	368,417	17,384	68,936	13,563	468,300

(a) Solid waste, plant materials and recycling received from the SBWMA service area.
 (b) Recology San Mateo County solid waste and plant materials collected from non-franchise areas, primarily.
 (c) Other diversion including cardboard, metals, aggregates, tires, e-waste, carpet and MRF residue brought to the Transfer Station.

Source: Authority.

**TABLE 4
FRANCHISE WASTE GENERATION BY MEMBER
(Calendar Year 2018)**

Member	Disposed (tons)(a)	Diverted (tons)(b)	(%)	Total Generated (tons)	% of Total Tons
Town of Atherton	2,187	9,777	81.72%	11,964	3.2%
City of Belmont	7,813	9,376	54.54%	17,189	4.7%
City of Burlingame	24,990	16,880	40.32%	41,870	11.4%
City of East Palo Alto	11,724	7,306	38.39%	19,030	5.2%
City of Foster City	10,177	10,667	51.17%	20,843	5.7%
Town of Hillsborough	2,594	7,431	74.13%	10,025	2.7%
City of Menlo Park	17,414	26,837	60.65%	44,251	12.0%
City of Redwood City	37,891	32,666	46.30%	70,558	19.2%
City of San Carlos	12,711	14,381	53.08%	27,092	7.4%
City of San Mateo	42,107	36,213	46.24%	78,320	21.3%
North Fair Oaks	5,970	4,668	43.88%	10,638	2.9%
West Bay Sanitary District	1,566	3,867	71.18%	5,432	1.5%
Other Unincorporated	4,044	7,156	63.90%	11,200	3.0%
SBWMA Total	181,188	187,225	50.82%	368,413	100%

(a) Includes residential and commercial solid waste delivered to the Transfer Station.

(b) Includes residential and commercial collected recycling brought to the Materials Recovery Facility and organics materials brought to the Transfer Station.

Source: Authority

Competition

The Authority believes that the tipping fees charged by the Authority are, and will continue to be competitive with other transfer stations or waste disposal sites which potentially could be utilized by self-haulers and haulers of non-franchise waste in the Authority service area, particularly in light of the additional transportation cost that would be incurred in the event any such alternate disposal sites outside of the Enterprise were utilized by such waste haulers. The following table contains a comparison of the disposal cost at certain currently available alternate sites with the currently applicable disposal costs at the Enterprise. These estimates are based on the current tipping fees charged at the closest available transfer stations and disposal facilities in the adjacent counties, as well as the imputed additional transportation cost, based on the distance of such facilities from the Shoreway Environmental Center. For most of the competing facilities, the costs reflected are based on the “posted” tipping fee, or tipping fee available to the general public at the competing facilities. There can be no assurances that negotiated tipping fees would not be lower than the amounts specified in the table.

Although the Authority Agreement requires that Members provide for collection of waste and other materials pursuant to exclusive franchise agreements, haulers of approximately 21% of the materials projected to be delivered to the Authority are not contractually or otherwise obligated to utilize the Enterprise. In addition, residences and commercial establishments within the jurisdiction of the Members are generally permitted to self-haul their solid waste and other materials to disposal or processing locations of their choosing. Although the Authority believes that the Enterprise will continue to charge economically competitive tipping fees throughout the term of the Series 2019 Bonds, factors outside of the control of the Authority could affect the relation of the tipping fees applicable at the Enterprise to those generally prevailing at potentially available alternate transfer and disposal locations, and facilities outside of the Enterprise (including, any future alternate transfer stations that might be located in the Authority service area) could represent a more cost effective disposal location for haulers of non-franchise waste (including self-haul waste) generated in the Authority Service Area. The existence of a more cost effective disposal location for haulers of non-franchise waste generated in the Enterprise could have a material adverse impact on the ability of the

Authority to generate Net Revenues in the levels required by the Indenture and to pay Debt Service with respect to the Series 2019 Bonds. See “CERTAIN RISK FACTORS – Competition” herein.

TABLE 5
ANALYSIS OF COST AT COMPETITIVE FACILITIES

Facility	Location	Estimated Current Operations (tpd)	Estimated Available Capacity (tpd)	Permitted Capacity (tpd)	Estimated Round Trip Mileage (1)	Estimated Round Trip Cost Per Load (2)	Public Gate Solid Waste Tipping Fee Per Yard (3)	Solid Waste Disposal Total Estimated Cost Per Trip (4)
Current Transfer Facility								
Shoreway Environmental Center	San Carlos	1,155	1,845	3,000	0	N/A	\$44.00	\$76.56
Alternative Transfer Facilities								
Blue Line MRF and Transfer Station	South SF	800	400	2,400	31.4	\$18.21	\$29.36	\$69.29
Davis Street TS and Resource Recovery	San Leandro	N/A*	N/A	9,600	50.2	\$29.12	\$35.43	\$90.76
Fremont Recycling and TS	Fremont	N/A	N/A	2,400	41.9	\$24.30	\$31.16	\$78.53
SF Solid Waste Transfer and Recycling Center	San Francisco	N/A	N/A	5,000	38.2	\$22.16	53.89	\$115.92
Berkeley Solid Waste Transfer Station	Berkeley	420	140	560	68.7	\$39.85	\$29.00	\$90.31
San Bruno Transfer Station	San Bruno	N/A	N/A	768	27.8	\$16.12	N/A	N/A
Sunnyvale MRF and Transfer Station (5)	Sunnyvale	925	575	1,500	39.4	\$22.85	\$20.00	\$57.65
Alternative Disposal Facilities								
Newby Island Landfill	Milpitas	N/A	N/A	4,000	50.1	\$29.06	\$54.00	\$123.02
Ox Mountain Landfill	Half Moon Bay	N/A	N/A	3,598	30.4	\$17.63	\$34.00	\$76.79
Altamont Landfill and Resource Recovery	Livermore	N/A	N/A	11,150	94.4	\$54.75	\$28.49	\$104.33
Guadalupe Sanitary Landfill	San Jose	1,000	2,650	3,650	67.0	\$38.86	\$38.00	\$104.98
Kirby Canyon	San Jose	N/A	N/A	2,600	76.0	\$44.08	\$25.22	\$87.97
Vasco Road Sanitary Landfill	Livermore	N/A	N/A	2,518	93.7	\$54.35	\$38.00	\$120.47
Zanker Road Sanitary Landfill	San Jose	1,700	900	2,600	45.2	\$26.22	\$33.00	\$83.64

(Notes on following page.)

Notes:

* N/A as used throughout the table refers to information which is not currently available to or otherwise known to the Authority.

- (1) Based on mileage from Shoreway Environmental Center. Assumes population evenly dispersed throughout area.
- (2) Assumes 2019 IRS estimated operating cost per mile (\$.580). No additional cost for wait and tip time, assumes wait and tip time at each facility is equal.
- (3) When only per ton tipping fees were available they were converted to per yard using 570 pounds per cubic yard.
- (4) Per trip cost equals round trip mileage cost plus the per cubic yard disposal rate times the average yard per load of 1.74 yards.
- (5) Sunnyvale MRF and Transfer Station currently only accept materials generated in the cities of Sunnyvale, Mountain View and Palo Alto.

2016 Fire at the Shoreway Environmental Center

On September 7, 2016, a four-alarm fire at the Shoreway Environmental Center caused considerable damage to the Materials Recovery Facility sorting equipment. As a result of the damage caused by the fire, the Authority ceased materials processing operations for the remainder of the 2016 Calendar Year and through most of January 2017. During that time, the Authority made alternate contractual arrangements for the processing of materials at alternate facilities owned by private parties.

Prior to the fire the Authority had procured a casualty insurance policy and, pursuant to the insurance policy, the Authority was reimbursed by the insurer for lost revenues during the period the Material Recovery Facility was inoperable as well as costs of repairs to the Materials Recovery Facility. Total insurance proceeds received by the Authority were approximately \$8.8 million, consisting of \$1.3 million attributable to lost revenues from the sale of recovered materials and \$7.5 million attributable to repair and replacements costs. In accordance with the indenture pursuant to which the Series 2009 Bonds were issued, the \$1.3 million attributable to lost revenues were considered “Revenues” for purposes of satisfying the Rate Covenant. See Table 7 in “Historical Financial Results.”

While the cause of the fire was initially inconclusive, it was later determined that the fire was likely caused by a rechargeable lithium-ion battery that was wrongly included in a recycling cart. Since the fire, the Authority has added significant new fire suppression equipment within the building, provided enhanced safety training for employees, made significant changes in designed household battery collection and handling programs and conducted extensive public outreach and education efforts to encourage residential households to dispose of batteries safely and responsibly in the Authority service area. The Authority expects that portions of the 2019 Project will enhance the separation of batteries from the waste stream delivered to the Shoreway Environmental Center.

Financial and Management Aspects of the Enterprise

In accordance with the Indenture, all revenues of the Enterprise are deposited in the Revenue Fund for application in accordance with the Indenture. The Indenture contains detailed provisions relating to the financial and operational aspects of the Enterprise. See Appendix B — “SUMMARY OF THE INDENTURE.”

Reserve Policy

In 2018, the Authority adopted a revised Reserve Policy (the “Reserve Policy”) and established a Capital Reserve to more closely plan for future capital needs. The Reserve Policy establishes the priority for funding each reserve and how funds in each reserve could be spent. The Reserve Policy may be amended from time to time at the discretion of the Board of the Authority. Following is a description of the various funds described in the Reserve Policy.

- **Rate Stabilization Reserve.** The Rate Stabilization Fund is established and maintained pursuant to the Indenture, and is intended to help minimize Authority tip fee increases resulting from significant short-term revenue shortfalls due to commodity price decreases or other reasons. The Indenture does not contain a specific requirement with respect to the amount to be maintained in the Rate Stabilization Account, but the Reserve Policy contemplates that the Rate Stabilization Fund will not exceed 10% of annual Maintenance and Operation Costs. On the date of issuance of the Series 2019 Bonds, \$_____ will be on deposit in the Rate Stabilization Fund.
- **Emergency Reserve.** The Emergency Reserve is established to fund emergency capital repairs and reconstruct the Shoreway Environmental Center buildings and infrastructure that may be damaged by natural disasters, acts of war or terrorism, or other community emergency scenarios that are not covered by existing insurance policies. The Reserve Policy contemplates that the Emergency Reserve will not exceed 10% of annual Maintenance and Operation Costs.

- **Equipment Replacement Reserve.** The Equipment Replacement Reserve is established to replace processing equipment at the Shoreway Environmental Center based on a 12 year replacement schedule as recommended by the manufacturer.
- **Capital Project Reserve.** The Capital Project Reserve is established to fund future capital projects that need to be funded over a term longer than one year and cannot be absorbed by one budget period, in amounts established by the Board annually as part of the update of the Authority’s capital plan.
- **Undesignated Reserve.** The Undesignated Reserve will be used to hold excess funds after the above reserves are fully funded.

The following table shows the amounts for each reserve as set forth in the Authority’s Fiscal Year 2018-19 Budget. Funding of reserves in any particular amount is not contractually or legally required. In addition, amounts in any of the reserves may be used for any lawful purpose of the Authority at the discretion of the Board of the Authority.

**TABLE 6
AUTHORITY RESERVES
FISCAL YEAR 2018-19 ADOPTED BUDGET [UPDATE TO 2019-20 WHEN AVAILABLE]**

Reserve	Amounts
Rate Stabilization Reserve	\$ 4,938,136
Emergency Reserve	4,895,300
Equipment Replacement Reserve	1,397,514
Capital Project Reserve	957,415
Total Reserves	\$ 12,188,365

Source: The Authority.

Historical Financial Results

The following table contains historical financial results for the Enterprise, shown on a calendar year basis. The Authority’s fiscal year is from July 1 to June 30. The Indenture provides that, for purposes of the Series 2019 Bonds, compliance with the rate covenant contained in the Indenture and certain other matters will be determined on a calendar year basis.

The table below provides historical revenues, expenses, and debt service coverage as calculated pursuant to the rate covenant contained in the indenture pursuant to which the Series 2009 Bonds were issued (the “2009 Indenture”). As described in “2016 Fire at the Shoreway Environmental Center,” \$1.3 million of casualty insurance proceeds were considered “Revenues” for purposes of satisfying the Rate Covenant in calendar year 2016 in accordance with the indenture pursuant to which the 2009 Bonds were issued, and other insurance proceeds, as well as all of the costs of repair, were excluded from “Revenues” and “Maintenance and Operations Costs”. (In the Authority’s audited financial statements for Fiscal Year 2016-17, consistent with generally accepted accounting practices, additional insurance proceeds of approximately \$7.5 million related to the Shoreway Environmental Center fire were characterized as revenues and fire facility repair and replacement costs of \$4.5 million were characterized as expenses.) As described in the footnotes to Table 7, this resulted in a revision to previously released financial reporting.

TABLE 7
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
HISTORICAL REVENUES, EXPENSES AND DEBT SERVICE COVERAGE
(Calendar Year)

	2015	2016	2017	2018
Revenues				
Tip Fee Revenues	\$33,101,404	\$35,983,650	\$41,853,590	\$43,858,039
Sales of Recyclable Materials ⁽¹⁾	8,401,049	6,830,497	8,488,810	7,179,516
Interest Income	75,228	123,952	160,924	387,779
Other Revenue ⁽²⁾	1,206,329	2,291,633	121,296	14,992
Transfer from/(to) Rate Stabilization Fund ⁽³⁾	920,000	-	-	-
Total Revenues	\$43,704,010	\$45,229,732	\$50,624,620	\$51,440,326
Operating Expenses				
Shoreway Operations	\$26,299,803	\$27,776,638	\$30,117,033	\$32,894,060
MSW Disposal	8,428,172	8,834,974	8,721,880	8,690,448
Authority Program Administration	2,468,412	2,160,652	2,346,164	2,954,676
Total Operating Expenses	\$37,196,387	\$38,772,264	\$41,185,077	\$44,539,184
Total Net Revenues	\$6,507,623	\$6,457,468	\$9,439,543	\$6,901,142
Debt Service	\$4,110,546	\$4,103,446	\$4,104,175	\$4,096,833
Debt Service Coverage ⁽⁴⁾	1.58x	1.57x	2.30x	1.68x
Ending Unreserved Fund Balance	\$13,819,913	\$13,532,497	\$15,520,391	\$15,848,248

⁽¹⁾ The decrease in Revenues from the Sales of Recyclable Materials from Calendar Year 2015 to Calendar Year 2016 is largely attributable to the fire at the Shoreway Environmental Center in September 2016 which caused considerable damage and halted intake of commodities for a four month period. See “ – 2016 Fire at the Shoreway Environmental Center.”

⁽²⁾ Includes revenues from Household Hazardous Waste, Host Fees, and other miscellaneous revenues. The Authority discontinued its Household Hazardous Waste program in 2017. The increase in Calendar Year 2016 reflects insurance proceeds of \$1.3 million related to business interruption claims as a result of the fire at the Shoreway Environmental Center. See “ – 2016 Fire at the Shoreway Environmental Center.”

⁽³⁾ [CONFIRM] The Authority transferred \$920,000 from the Rate Stabilization Fund to the Revenue Fund in 2015 to address a reduction in revenues from the sale of recovered materials in Calendar 2015 (as compared to 2014).

⁽⁴⁾ [CONFIRM] Debt service coverage figures for 2016, 2017, and 2018 have been revised from levels previously reported by the Authority to reflect a revised accounting treatment of insurance revenues and losses associated with the fire at the Shoreway Environmental Center. In particular, Revenues in 2016 were reduced by approximately \$_____ to reflect only the \$1.3 million portion of insurance proceeds attributable to business interruption insurance. Other related adjustments were reflected in 2017 and 2018.

Source: The Authority.

Projected Operating Results

The following table contains a projection of the revenues and overall financial results (the “Projected Operating Results”) of the Enterprise prepared by the Authority for the period from Calendar Year 2019 through the end of Calendar Year 2023 (the “Projection Period”). Significant assumptions utilized by the Authority in the preparation of the Projected Operating Results include the following:

Waste Generation. The Projected Operating Results assume that total material volumes delivered to the Shoreway Environmental Center will increase by 0.2% annually each year during the Projection Period.

Tipping Fees. The Projected Operating Results assume that the tipping fees for materials delivered to the Shoreway Environmental Center by solid waste haulers (including the Members' Exclusive Franchise collection contractors) will increase approximately 2.5% annually. The tipping fee for materials delivered by members of the public (i.e., self-haul) will increase 6.4% annually.

Recovered Materials Revenues. The Projected Operating Results assume that revenues from Recovered Materials will increase by ___% annually. [IF INCREASES ARE DIFFERENT EACH YEAR (I.E., BIG INCREASE AFTER NEW EQUIPMENT IS INSTALLED, THEN THAT SHOULD BE DESCRIBED.)]

Maintenance and Operation Costs: Shoreway Environmental Center. [[DO THE PROJECTED PERCENTAGE INCREASES REFLECT THE REDUCTION IN COSTS, OR ARE THE PERCENTAGES BASED ON THE REDUCED COST NUMBERS?]] The Projected Operating Results assume that Maintenance and Operations Costs relating to the operation of the Shoreway Environmental Center will increase 3.0% in Calendar Year 2020, and 2.5% each year thereafter. In addition, the Projected Operating Results assume that the Materials Recovery Facility equipment improvements to be installed as part of the 2019 Project will result in cost savings (due to reduced labor) of approximately \$102,000 beginning in Calendar Year 2020, increasing to approximately \$692,000 by Calendar Years 2022 and 2023.

Maintenance and Operation Costs: Processing Agreements. [WHICH LINE ITEM IS THIS IN?] The Projected Operating Results assume that Maintenance and Operations Costs specifically relating to the processing of C&D and organic materials at the processing facilities utilized by the Authority for such materials will increase by ___% annually (which is the estimated increase resulting from the application of the CPI-based escalation formula in the agreement).

Maintenance and Operation Costs: Landfill Disposal at Ox Mountain: The Projected Operating Results assume that Maintenance and Operations Costs specifically relating to landfill disposal at Ox Mountain will increase by 30% in Calendar Year 2020 (the first year of the contract extension described in “_ Components of the Enterprise”), and ___% each year thereafter (which is the estimated increase resulting from the application of the CPI-based escalation formula in the agreement).

Maintenance and Operation Costs: Authority Administrative Expense. The Projected Operating Results assume that Authority Administrative Expenses will increase by 3.6% annually.

The Projected Operating Results also assume there will be no significant new regulatory requirements imposed on the Authority.

While the Authority believes these assumptions to be reasonable, actual future conditions may vary significantly from actual conditions due to unanticipated events and circumstances, and such variances may result in material and adverse impacts on the Authority's financial conditions. See “CERTAIN RISK FACTORS.”

TABLE 8
SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
PROJECTED REVENUES, EXPENSES AND DEBT SERVICE COVERAGE
(Calendar Year)

	2019	2020	2021	2022	2023
Operating Revenue					
Tip Fee Revenue	\$48,945,467	\$50,633,000	\$52,338,601	\$54,360,020	\$56,671,523
Sales of Recyclable Materials	5,995,336	6,546,110	7,845,872	8,639,978	8,687,424
Interest Income	266,036	328,538	381,241	357,768	320,546
Other Revenue	-	-	-	-	-
Transfer from Rate Stabilization Fund	-	-	-	-	-
Total Operating Revenue	\$55,206,839	\$57,507,649	\$60,565,713	\$63,357,766	\$65,579,493
Operating Expenses					
Shoreway Operations	\$33,648,888	\$34,451,305	\$36,456,286	\$36,887,430	\$38,089,329
MSW Disposal	9,083,761	11,949,243	12,371,442	12,810,046	13,265,773
Authority Program Administration	3,131,956	3,257,234	3,354,951	3,438,825	3,524,796
Total Operating Expenses	\$45,864,604	\$49,657,783	\$52,182,679	\$53,136,301	\$54,879,898
Total Net Revenues	\$9,342,235	\$7,849,866	\$8,383,034	\$10,221,465	\$10,799,596
Debt Service	\$4,124,500	\$4,142,483	\$4,139,000	\$4,138,250	\$4,139,000
Debt Service Coverage	2.27x	1.89x	2.03x	2.47x	2.61x
Ending Unreserved Fund Balance					

Sensitivity Analyses. The Authority conducted various pro forma sensitivity analyses on the assumed revenues and expenditures included in the Projected Operating Results shown in Table 8. The pro forma sensitivity analyses are provided to evaluate how changes to specific assumptions set forth in Table 8 impact projected debt service coverage levels from Calendar Year 2019 through 2023 (the “Projection Period”) assuming all other values set forth in Table 8 remain constant.

The pro forma sensitivity analyses reflect changes to the specific assumptions, and debt service coverage, described below:

Reduced Revenues From the Sale of Recovered Materials. The first pro forma sensitivity analysis assumes that revenues from the sale of recovered materials in future years remain at the levels assumed for Calendar Year 2019 (and do not increase as assumed in Table 8). The impact of this adjustment results in projected debt service coverage ratios that are lower over the projection period by 0.12x to 0.61x as compared to the Projected Operating Results set forth in Table 8. Under this pro forma sensitivity analysis, the lowest projected debt service coverage ratio of 1.60x occurs in Calendar Year 2020 and the debt service coverage ratio in the final projection year of 2023 would be 2.0x.

Reduced Revenues From the Sale of Recovered Materials and Increased Labor Costs. The second pro forma sensitivity analysis assumes that (i) revenues from the sale of recovered materials in future years remain at the levels assumed for Calendar Year 2019 (and do not increase as assumed in Table 8) and (ii) the 2019 Project and the other capital improvement described herein only achieve 50% of the operational efficiencies which are assumed in Table 8. The Projected Operating Results in Table 8 assume that the MRF Equipment Improvements will generate operational efficiencies of approximately \$102,000 beginning in Calendar Year 2020 and increase to approximately \$692,000 by Calendar Years 2022 and 2023; thus, the sensitivity analysis

only factors in half of such efficiencies, which results in higher labor costs. The impact of this adjustment results in projected debt service coverage ratios that are lower by 0.13x to 0.70x as compared to the Projected Operating Results set forth in Table 8. Under this pro forma sensitivity analysis, the lowest projected debt service coverage ratio of 1.53x occurs in Calendar Year 2020 and the debt service coverage ratio in the final projection year of 2023 would be 1.91x.

Pro Forma Reductions in Revenues from the Sale of Recovered Materials That Maintain Required Debt Service Coverage Without Rate or Other Adjustments. The third pro forma sensitivity analysis assumes that revenues from the sale of recovered materials decline such that (without any adjustment to the tipping fees charged at the Shoreway Environmental Center) debt service coverage ratios exactly equal 1.40x, which is the required level pursuant to the rate covenant set forth in the Indenture. This pro forma sensitivity analysis indicates that revenues from the sale of recovered materials could decline 36% in Calendar Year 2020, 37% in Calendar Year 2021, 57% in Calendar Year 2022, and 64% in Calendar Year 2023, and the debt service coverage ratio in each year would be at the required 1.40x in each year during the Projection Period without any adjustment to tipping fees charged at the Shoreway Environmental Center.

REGULATION

The Enterprise is subject to a variety of regulations, certain of which are described below. The Authority believes it is currently in material compliance with all applicable regulations and permit requirements.

California Integrated Waste Management Act of 1989

Among other requirements, the State Integrated Waste Management Act of 1989, California Public Resources Code Section 40000 et. seq. (“CIWMA”), which became effective on January 1, 1990, directs all California cities and counties to implement source reduction, recycling and composting options in order to reduce the amount of solid waste that must be disposed of by transformation (through waste-to-waste energy projects or other processes) and landfill disposal. As a result of CIWMA, solid waste management has been changed to an integrated solid waste management approach in which source reduction and recycling play an integral role in the waste management strategy.

Under CIWMA, each city and county (a “local agency”) in the State were mandated to achieve a 25% diversion in solid waste disposed of in landfills or by incineration through waste reduction or recycling by January 1, 1995, and a 50% reduction by the year 2000 and thereafter. Furthermore, under AB 341, the State’s diversion goal will increase to 75% by 2020. Local agencies are responsible for these goals whether or not they control disposal of waste generated within their jurisdiction. Local agencies may face monetary fines of up to \$10,000 per day if the California Department of Water Resources Recycling and Recovery (“CalRecycle”) deems local plans to be inadequate or if localities fail to satisfactorily implement plans to achieve the 25% and 50% reduction goals. **[[The Authority provides recycling or diversion within the Authority service area. The Authority believes that ten of the twelve Member have met State diversion levels. Two others, San Carlos and Foster City, are expected to come into compliance by the next reporting period. No assurances can be made as to the actual level of diversion, or as to whether Member’s diversion efforts will result in compliance with the CIWMA.]]**

Solid Waste Disposal Regulations

The Enterprise is regulated by local, state and federal law. The California Integrated Waste Management Board has primary oversight and regulatory responsibilities of the Enterprise and has designated the County of San Mateo Environmental Health Department as the local enforcement agency (“LEA”). The LEA makes regular inspections at the Materials Recovery Facility and the Transfer Station to ensure that they are in compliance with regulatory requirements as set forth by the Environmental Protection Agency and the State of California.

Since its enactment in 1976, the federal Resource and Conservation Recovery Act (“RCRA”) included authority for the United States Environmental Protection Agency (“USEPA”) to control the disposal of solid waste (“Subtitle D”), as well as the management of hazardous waste (“Subtitle C”). California’s regulatory program enforces the federal RCRA provisions.

California Senate Bill 1383

Senate Bill No. 1383 (“SB 1383”) enacted in September 2016, establishes targets to achieve a 50% reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75% reduction by 2025. SB 1383 grants CalRecycle the regulatory authority required to achieve the organic waste disposal reduction targets and establishes an additional target that not less than 20% of currently disposed edible food is recovered for human consumption by 2025. CalRecycle is currently developing a regulatory approach that divides implementation responsibilities across the waste sector and includes requirements for generators, industry, local governments, and other entities.

SB 1383 codifies the California Air Resources Board’s Short-Lived Climate Pollutant Reduction Strategy, established pursuant to Senate Bill No. 605 to achieve reductions in the statewide emissions of short-lived climate pollutants. SB 1383 requires a 40% reduction in methane, a 40% reduction on hydrofluorocarbon gases and a 50% reduction in anthropogenic black carbon by 2030 relative to 2013 baseline levels.

Air and Water Quality Regulations

Solid waste management facilities are closely monitored to protect air and water quality. Under the Porter-Cologne Water Quality Control Act (California Water Code Section 3000 *et. seq*) (“Porter-Cologne”), the Authority is required to report waste discharges that could affect water quality. Porter-Cologne is administered and enforced by the State Water Resources Control Board and Regional Water Quality Control Board (the “Regional Board”). The Enterprise is regulated by the California San Francisco Bay Regional Water Quality Control Board.

Pursuant to Porter-Cologne, the Regional Board issues waste discharge requirements (“WDRs”) containing terms and conditions of permitted discharges for the landfills. The WDRs typically mandate a regular self-monitoring program to detect pollutants. In the event of a violation of a WDR, the Regional Board may issue either a cease and desist order or a cleanup and abatement order that mandate deadlines for remedial action. A landfill operator’s failure to comply with a Regional Board order or reporting requirements may result in administrative or judicial civil liabilities ranging up to \$27,500 a day.

Porter-Cologne also instituted the Solid Waste Assessment Testing program which requires an analysis of surface and groundwater under and near waste management facilities. If contamination outside of the landfill occurs, operators of the facility must notify the State Department of Health Services and CalRecycle. These agencies will impose remedial action upon the facility.

The California Clean Air Act and the Lewis-Presley Air Quality Management Act authorize the adoption of rules and regulations for air quality permits and govern the enforcement of those permits and rules. These Acts are both administered and enforced by the Bay Unified Air Quality Management District. Various rules apply to landfill operations, including rules which relate to methane gas monitoring and migration, as well as rules which relate to specific equipment and machinery, above ground fuel tanks and fugitive dust emissions. The Authority conducts periodic inspections of the Enterprise and, in a fashion similar to the Regional Board’s, may impose civil liabilities for permit violations.

CERTAIN RISK FACTORS

The following factors, which represent certain major risk factors, should be considered along with all other information in this Official Statement by potential investors in evaluating the Series 2019 Bonds. There

can be no assurance made that other major risk factors do not currently exist or will not become evident at any future time.

Certain Factors Affecting Solid Waste Disposal Facilities Generally

In the solid waste service industry there are often unforeseeable risks and potentially substantial cost exposures associated with the establishment, ownership and operation of solid waste sanitary landfill sites and other types of waste processing and disposal facilities. These risk factors include, but are not limited to: (i) the challenges of obtaining permits to expand or establish new sites and facilities and public and private opposition to the location, expansion and operation of these facilities, (ii) increasing political activities at all levels that seek to restrict the operation of disposal facilities as well as the movement of waste for disposal, (iii) substantial regulatory compliance expenditures, fines or other sanctions and civil damage liabilities, (iv) demonstrating financial responsibility and conforming to prescribed or changing standards and methods of operation, (v) judicial and administrative proceedings regarding alleged possible adverse environmental and health effects of landfills or treatment and disposal facilities, and (vi) legislation that requires additional waste recycling, minimizing and incineration.

Rate Covenant Not a Guarantee; Failure to Meet Projections

The ability of the Authority to make debt service payments with respect to the Series 2019 Bonds depends on the ability of the Enterprise to generate Net Revenues in the levels required by the Indenture. Although, as more particularly described herein, the Authority expects that sufficient revenues will be generated through the imposition and collection of tipping fees, contract payments and other Revenues described herein (including revenues from the sale of recyclable materials), there is no assurance that such imposition of tipping fees or other Revenues will result in the generation of Net Revenues in the amounts required by the Indenture. As a result, the Authority may be unable to comply with the covenants under the Indenture regarding generation of revenues and the Authority's covenant does not constitute a guarantee that sufficient Net Revenues will be available to make debt service payments on the Series 2019 Bonds. In addition, the Authority's financial projections are based on a number of assumptions, including timely receipt of various payments from its private contractors (including franchise haulers, facility operators and landfill operators) under contracts with the Authority. Changes in circumstances, including but not limited to failure of the private contractors to make these payments in a timely manner (for any reason, including but not limited to the bankruptcy of such private contractors or the existence of a contract dispute between the private contractors and the Authority or its Members) could have a material adverse impact on the ability of the Authority to make debt service payments with respect to the Series 2019 Bonds.

Competition

Generally, the ability of the Authority to generate Net Revenues in the amounts contemplated by the Indenture depends on the continuing delivery to the Enterprise of solid waste generated in the Authority in the amounts anticipated by the Authority. Substantially all of the solid waste generated in the Authority service area has for many years been disposed at the facilities which now comprise the Enterprise. In addition, each Member of the Authority has entered into the Authority Agreement pursuant to which each Member is obligated to cause the delivery of solid waste to the Enterprise. However, a number of alternative transfer or disposal sites outside the Enterprise currently exist, and additional alternative transfer sites (which potentially could be located in the Authority service area) or disposal sites may become available from time to time in the future. See "THE SYSTEM – Competition" herein. If competing transfer or disposal sites in the future represent a more economical or convenient alternative for collectors and/or generators of a significant amount of waste generated in the Authority service area and such collectors or generators elect not to utilize the Enterprise, the use of alternative transfer or disposal sites outside of the Enterprise by such waste collectors and/or generators could have a material adverse impact on the ability of the Authority to generate Net Revenues in the amounts required by the Indenture and to pay Debt Service on the Series 2019 Bonds.

Disposal Capacity

The Authority believes that its rights to utilize the Ox Mountain Landfill pursuant to the Landfill Agreement, provides it with sufficient capacity for the disposal of all waste generated by the Members through 2030, which is earlier than the maturity of the Series 2019 Bonds in 2043. The Authority has covenanted in the Indenture to provide for or cause the provision of sufficient capacity for the disposal of solid waste generated in the Authority Service Area so as to enable the Authority to comply with the Rate Covenant contained in the Indenture. The Indenture provides that the Authority may provide such capacity by making available disposal facilities owned and operated by the Authority, or by making contractual arrangements for the use of disposal facilities (either inside or outside the geographical boundaries of the political subdivisions comprising the membership of the Authority) owned or operated by persons other than the Authority. However, in the event that the Ox Mountain Landfill were not available for the disposal of solid waste delivered to the Enterprise, there can be no assurances that the use of alternative disposal sites would not significantly increase the Enterprise's Costs of transportation and disposal of the waste and materially adversely affect the ability of the Authority to generate Net Revenues in the amounts required by the Indenture and to pay Debt Service on the Series 2019 Bonds.

Fluctuation in Revenues from the Sale of Recyclable Materials

Revenues from the sale of recyclable materials by the Authority declined significantly as a result of a change in import policy by countries that have traditionally imported large quantities of recyclable materials. The projected operating results anticipate the receipt by the Authority of significant revenues in each year from the sale of recyclable materials delivered to the Enterprise. Such revenues are anticipated to be approximately \$6.4 million in 2019 (or approximately 11.7% of the total revenues of the Enterprise). Those revenues are based on the currently prevailing market price paid by purchasers of recyclable materials. Market prices for such materials have historically fluctuated significantly from time to time, and there can be no assurance that market prices will not significantly decrease in the future, with the result that the Authority will not realize revenues from the sale of such materials at the projected levels.

Construction Risk

As described herein, the Authority is undertaking a significant capital improvement program with respect to the Enterprise. The Authority has entered into and will enter into agreements for the construction of such capital improvements. See "THE 2019 PROJECT." The Authority anticipates that such contracts will be subject to adjustment for a variety of circumstances, including higher than anticipated costs of labor and materials or subcontractor bids, changes in scope, unforeseen site conditions and force majeure events. The estimated costs of, and the projected schedule for, the Project are subject to a number of uncertainties. The ability of the Authority to complete the Project may be adversely affected by various factors including but not limited to: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the 2019 Project, (4) delays in contract awards, (5) material and/or labor shortages, (6) unforeseen site conditions, (7) adverse weather conditions and other force majeure events, (8) contractor defaults, (9) labor disputes, (10) unanticipated levels of inflation and (11) environmental issues. No assurance can be made that the 2019 Project will not cost more than the current budget for the Project. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs, thereby making Enterprise less economically competitive. There can be no assurances that significant increases in costs over the amounts projected by the Authority will not materially adversely affect the financial condition or operations of the Enterprise.

Risk of Nonperformance or Bankruptcy by Major Authority Contractors

The Authority intends to meet many of its obligations under the Indenture by contracting with various private sector service providers. In particular, the Authority currently contracts with South Bay Recycling to operate and maintain the Transfer Station and Materials Recovery Facility. In addition, the

Authority provides disposal capacity for solid waste delivered to the Enterprise through a Landfill Agreement with the operator of the Ox Mountain Landfill. In addition to the Authority's use of contractors, each of the Members has entered into separate solid waste collection franchise agreements, pursuant to which the Members' solid waste is required to be delivered to the 2019 Project. The Authority has agreed in the Indenture to enforce its rights under agreements relating to the Enterprise (including the Operations Agreement). In the event that any of the Authority's or Member's contractors fails to meet its obligations under the various agreements, it would be subject to damages and, if the nonperformance was material and continued for an extended period of time, termination. There can be no assurances that the private contractors will provide services in accordance with their contractual commitments. The extended failure of any of the private contractors to meet their obligations under contracts with the Authority or the Members could materially adversely affect the ability of the Authority to generate Revenues in the amounts required pursuant to the Indenture.

In the event of the bankruptcy of a major contractor of the Authority, the automatic stay provisions of the United States Bankruptcy Code (the "Bankruptcy Code") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by such contractor to the Authority or any action to enforce any obligation of the contractor to the Authority. With the authorization of the bankruptcy court, the contractor may be able to repudiate some or all of its agreements with the Authority (including, in the case of the operator of the Transfer Station and Materials Recovery Facility) the obligation to pay to the Authority tipping fees which the contractor has collected, and to stop performing its obligations (including payment obligations) under such agreements. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. The contractor may be able, without the consent and over the objection of the Authority, the Trustee, and the holders of the Series 2019 Bonds, to alter the terms, including the payment terms, of its agreements with the Authority, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, the contractor may be able to assign its rights and obligations under any of its agreements with the Authority to another entity, despite any contractual provisions prohibiting such an assignment.

Projections

The Projected Operating Results are not necessarily indicative of future performance. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Series 2019 Bonds are cautioned not to place undue reliance upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability of the Authority to make timely payment of the principal of and interest on the Series 2019 Bonds may be materially adversely affected.

Neither the Authority's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenue forecast.

Statutory and Regulatory Impact

Laws and regulations governing solid waste management are enacted and promulgated by government agencies on the federal, state and local levels. These laws and regulations address the design, construction, operation, maintenance, closure and post-closure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling

requirements. Laws and regulations at both the State and federal levels impose retroactive liability, particularly with respect to cleanup activities, relating to any transfer or disposal facilities owned or operated by the Authority. Compliance with these laws and regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs will likely increase. Claims against the Authority with respect to Authority-operated sites (or sites at which waste delivered by or on behalf of the Authority was disposed) could be significant. Such claims are payable from assets of the Enterprise or from other legally available sources. Although tipping fees are the major source of funding for regulatory costs and the Authority has covenanted in the Indenture to establish such tipping fees as are necessary to enable the Authority to make all payments required to be made pursuant to 2019 Bonds, including Debt Service with respect to the Series 2019 Bonds, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the Authority to generate Net Revenues in the amounts required by the Indenture and to pay Debt Service with respect to the Series 2019A Bonds.

Hazardous Waste

Although the Authority has implemented a hazardous waste inspection program at the Project to monitor the waste stream and prevent the inadvertent or intended disposal of hazardous wastes, hazardous waste may be delivered to and inadvertently accepted at the Project. In the event that hazardous waste is discovered at any facility within the Enterprise, the Authority, as owner of such facilities, would have primary financial responsibility for the cleanup of such hazardous waste under various state and federal laws, including the Comprehensive Environmental Responsibility Compensation and Liability Act (i.e., “Superfund”). In addition, if any site to which the Authority has delivered waste becomes the subject of regulatory action (including any such action brought pursuant to the Superfund statutes or related statutes), the Authority could be required to contribute significant amounts towards remediation activities at such site. The Authority’s financial and operating projections do not provide for expenditure of these costs. If the Authority incurs significant unanticipated costs pursuant to these state or federal laws, such circumstance could have a material adverse impact of the ability of the Authority to pay Debt Service with respect to the Series 2019 Bonds.

Earthquake or Other Natural Disasters

The occurrence of an earthquake or other natural disaster which resulted in the temporary or permanent closure of major components of the Enterprise (or facilities used by the Authority pursuant to contractual arrangements) or resulted in significantly increased costs could materially adversely affect the ability of the Authority to operate the Enterprise or to generate Net Revenues at the levels required by the Indenture.

Sea Level Rise; Climate Change

The Authority, its Members, residents and businesses within the Authority service and Member jurisdictions may be particularly vulnerable to material adverse impacts associated with sea level rise due to their close proximity to San Francisco Bay. The Authority is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the Authority, its Members or the local economy in general.

Cybersecurity

The Authority relies on technology to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other networks and systems. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access for the purposes of misappropriating assets or information or causing operational disruption and damage. **[[To mitigate the risk of business operations impact and damage from cybersecurity incidents or cyber-attacks, the Authority invests in**

cybersecurity and operational safeguards, which are periodically tested.]] However, no assurance can be given by the Authority that such measures will ensure against cybersecurity threats and attacks. Cybersecurity breaches could damage computing and other networks and systems used in the operation of the Enterprise and could damage the Authority's finances and operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Authority to material litigation and other legal risks which could cause the Authority to incur material costs related to such legal claims or proceedings.

Certain Limitations on the Ability of the Member to Impose Taxes, Fees and Charges

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added articles XIIC and XIID to the California Constitution, which contain a number of interrelated provisions affecting the ability of local governments, including the Members, to levy and collect both existing and future taxes, assessments, fees, and charges.

Section 3 of article XIIC expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees, and charges, regardless of the date such taxes, assessments, fees, or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees, and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of article XIIC to fees imposed after November 6, 1996, the effective date of Proposition 218, and absent other legal authority could result in the reduction in any existing taxes, assessments, or fees and charges imposed prior to November 6, 1996.

"Fees" and "charges" are not expressly defined in article XIIC or in the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with articles XIIC and XIID (the "Omnibus Act"). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virgil* (the "*Bighorn Decision*") that charges for ongoing water delivery are property-related fees and charges within the meaning of article XIID and are also fees or charges within the meaning of section 3 of article XIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to section 3 of article XIIC.

In the *Bighorn Decision*, the Supreme Court stated that nothing in section 3 of article XIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the *Bighorn Decision* that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contracts clause of the United States Constitution. Additionally, the Omnibus Act provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after the effective date of Proposition 218, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters within any Member jurisdiction will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees, or charges.

Article XIID defines a “fee” or “charge” as any levy other than an ad valorem tax, special tax, or assessment imposed upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “**property-related service**” is defined as “a public service having a direct relationship to a property ownership.” In the *Bighorn* Decision, the California Supreme Court held that a public water agency’s charges for ongoing water delivery are fees and charges within the meaning of article XIID. Article XIID requires that any public agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, article XIID also includes a number of limitations applicable to existing fees and charges, including provisions to the effect that (1) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (2) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (3) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (4) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

On November 2, 2010, voters in the State approved Proposition 26, which amended article XIIC of the State Constitution by expanding the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, for performing investigations, inspections, and audits, for enforcing agricultural marketing orders, and for the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax; that the amount is no more than necessary to cover the reasonable costs of the governmental activity; and that the manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Each Member is responsible for determining whether the notice and protest provisions of Proposition 218 apply to the charges imposed with respect to collection waste collection services provided by Member’s hauler and, if such notice and protest provisions do apply, such Member is responsible for compliance therewith and with any other applicable provisions. The Authority is not aware of any pending challenge to any of the Members’ solid waste collection fees and charges.

The Authority has covenanted in the Indenture to prescribe and collect rates, fees and charges for the use of the Enterprise at specified levels. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rate Covenant” herein. The ability of the Authority to collect such fees depends in part on the ability of the Members to establish rates, fees and charges for solid waste collection service provided to collection customers within their respective jurisdictions. In the event that proposed increased service charges cannot be imposed by one or more of the Members as a result of a majority protest, such circumstances may adversely affect the ability of the Enterprise to generate revenues in the amounts required by the Indenture, and to pay principal and interest with respect to the Series 2019 Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel to the Authority (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2019 Bond for any period during which such Series 2019 Bond is held by a “substantial user” of any facilities financed with the proceeds of the Series 2019 Bonds or by a “related person” as such terms are used in Section 147(a) of the Code. Interest on the Series 2009A Bonds is not an item of tax preference and interest on the Series 2019B Bonds is an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that interest on the Series 2019 Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Series 2019 Bond (the first price at which a substantial amount of the Series 2019 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Series 2019 Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a beneficial owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a beneficial owner will increase the beneficial owner’s basis in the applicable Series 2019 Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the beneficial owner of the Series 2019 Bond is excluded from gross income of such beneficial owner for federal income tax purposes except for any period during which the Series 2019 Bond is held by a “substantial user” of any facilities financed with the proceeds of the Series 2019 Bonds or a “related person” within the meaning of Section 147(a) of the Code, is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals with respect to the Series 2019B Bonds but not Series 2019A Bonds, and is exempt from State of California personal income tax.

The amount by which a beneficial owner’s original basis for determining loss on sale or exchange in the applicable Series 2019 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the beneficial owner’s basis in the applicable Series 2019 Bond (and the amount of Series 2019 interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a beneficial owner realizing a taxable gain when a Series 2019 Bond is sold by the beneficial owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2019 Bond to the beneficial owner. Purchasers of the Series 2019 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel’s opinion as to the exclusion from gross income of interest on the Series 2019 Bonds is based upon certain representations of fact and certifications made by the Authority, and others and is subject to the condition that the Authority complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2019 Bonds, to assure that interest on the Series 2019 Bonds will not become included in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds. The Authority has covenanted to comply with all such requirements.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2019 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2019 Bonds might be affected as a result of such an audit of the Series 2019 Bonds (or by an audit of other similar bonds). No assurance can be given that, in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2019 Bonds to

the extent that it adversely affects the exclusion from gross income of interest on the Series 2019 Bonds or their market value.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the Closing Date. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2019 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest on the Series 2019 Bonds for federal income tax purposes with respect to any Series 2009 Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes provided the Authority continue to comply with certain requirements of the Code, the ownership of the Series 2019 Bonds and the accrual or receipt of interest with respect to the Series 2019 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2019 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2019 Bonds.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2019 BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE SERIES 2019 BONDS OR THE MARKET VALUE OF THE SERIES 2019 BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2019 BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2019 BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE SERIES 2019 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2019 BONDS.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery by the Authority of the Series 2019 Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the Authority. The proposed form of the opinion of Bond Counsel is set forth in Appendix C to this Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the Authority by its counsel, Aaronson Dickerson Cohn & Lanzone, California.

LITIGATION

To the best knowledge of the Authority there is no action, suit or proceeding known to be pending or threatened restraining or enjoining the execution or delivery of the Series 2019 Bonds, the Indenture or any other document relating to the Series 2019 Bonds, or in any way contesting or affecting the validity of the foregoing.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investors Services ("Moody's") have assigned the Series 2019 Bonds ratings of "___" and "___" respectively. Such ratings reflect only the view of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that any or all of such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of either or both such ratings may have an adverse effect on the market price of the Series 2019 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., the Verification Agent, will verify, from the information provided to them, the mathematical accuracy of the computations contained in the provided schedules to determine that the amounts to be held in the Escrow Funds, will be sufficient to pay the principal and redemption price of and interest on the Refunded Bonds on September 1, 2019.

FINANCIAL STATEMENTS

The audited financial statements of the Authority set forth in Appendix A in the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018 have been examined by Maze Associates, independent certified public accountants, for the periods indicated and to the extent set forth in their report thereon and should be read in their entirety. Maze Associates has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Maze Associates with respect to any event subsequent to the date of its report, which is October 19, 2018. The audited financial statements of the Authority are prepared on the basis of the Authority's fiscal year, which ends June 30. As described herein, compliance with the Rate Covenant and other aspects of the Indenture are determined on a calendar year basis.

UNDERWRITING

The Series 2019 Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2019 Bonds at a purchase price of \$_____ (representing the principal amount of the Series 2019 Bonds, plus an original issue premium of \$_____ less an underwriter's discount of \$_____). The purchase contract relating to the Series 2019 Bonds provides that the Underwriter will purchase all of the Series 2019 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

KNN Public Finance LLC has served as Municipal Advisor to the Authority. The fee of the financial advisor is contingent upon the successful sale and delivery of the Series 2019 Bonds.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of Owners and beneficial owners of the Series 2019 Bonds to provide certain financial information and operating data relating to the Authority by not later than

May 1st of each year (the “Annual Report”), commencing with the Annual Report for Fiscal Year 2018-19, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of events will be filed by the Authority with the Municipal Securities Information Repository through its EMMA system. The specific information to be contained in the Annual Report and the events which may require notice are included in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). In the last five years, the Authority’s annual audit for Fiscal Year 2016-17 was filed 30 days late, and the Authority did not file a notice of late filing in connection with such delay.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Series 2019 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

SOUTH BAYSIDE WASTE MANAGEMENT
AUTHORITY

By: _____
Executive Director

APPENDIX A

**AUDITED FINANCIAL REPORT FOR THE AUTHORITY FOR THE FISCAL YEAR ENDING
JUNE 30, 2018**

APPENDIX B
SUMMARY OF THE INDENTURE

APPENDIX C

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

BOOK ENTRY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC and neither the Authority nor the Underwriter take any responsibility for the completeness or accuracy thereof. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The information in this section regarding DTC and its book-entry system has been obtained from DTC’s website, for use in securities offering documents, and the Authority and the Underwriter take no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2019 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2018 Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2019 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2019 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2019 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2019 Bonds will be printed and delivered to DTC.

The information in this Appendix E concerning DTC and DTC's book-entry system has been obtained from sources that the Authority and the Underwriter believe to be reliable, but the Authority and the Underwriter do not take any responsibility for the accuracy thereof.

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1902 - Serving Our Community for over 110 Years - 2019

**WEST BAY SANITARY DISTRICT
MINUTES OF THE SPECIAL MEETING OF THE DISTRICT BOARD
WEDNESDAY, MAY 8, 2019 AT 5:00 P.M.**

1. Call to Order

President Dehn called the meeting to order at 5:16 PM

2. Roll Call

BOARD MEMBERS PRESENT: Dehn, Otte, Thiele-Sardiña, Walker, Moritz,

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Scott, Reese, Ramirez, Kitajima, Bahrami, Hulsmann,
Scheidt, Beyer, Sturman

Others Present: None

3. Communications from the Public: None

4. Fiscal Year 2019/20 Budget Workshop – Discussion of General Fund, Capital Fund, Reserves, and Capital Outlay

Comments: DM Scott and staff presented FY 2019-20 draft budget to the Board and discussed each item. No changes to the proposed budget were recommended by the Board.

The General Fund was proposed to spend \$29,141,065, and designating \$9,495,860 for Operating Reserve, for a Total Allocation of \$38,636,925.

The Capital projects were listed and explained. The consensus of the Board was to present the proposed budget in June.

5. Adjournment Time: The meeting was adjourned at 6:53 p.m.

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1902 - Serving Our Community for over 110 Years - 2019

**WEST BAY SANITARY DISTRICT
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, MAY 8, 2019 AT 7:00 P.M.**

1. Call to Order

President Dehn called the meeting to order at 7:08 PM

Roll Call

BOARD MEMBERS PRESENT: Dehn, Otte, Thiele-Sardiña, Walker, Moritz

BOARD MEMBERS ABSENT:

STAFF MEMBERS PRESENT: Scott, Condotti, Kitajima, Ramirez

Others Present: Rich Laureta – Freyer & Laureta
John Mangini, Joe La Mariana – SBWMA
Melissa Schick – K&M Public Finance

2. Communications from the Public: None.

3. SBWMA Presentation & Discussion on Bond Issue Re-Financing

Comments: Joe La Mariana of SBWMA provided an introduction to the topic and purpose of the bond refinancing. John Mangini of SBWMA guided the Board through a PowerPoint presentation assisted by Melissa Schick of D&M Public Finance. Current bonds terminate in 2036 and the recommendation is 2043 to lessen the impact to rate payers. The verification process is underway for this to be a Green Bond which is earmarked for environmental projects. The recycling plant will be modernized with high speed robotic and artificial intelligence that will process more material faster and a much cleaner rate. Also, a pilot program has been approved by the SBWMA Board an Organics to Energy Project that is processed at the SVCW plant providing a green energy source for Recology vehicles. The District Board approved the bond issue of \$64M. \$45M for refinance of bonds and \$19M for CIPs. The District Board is not approving specific CIPs only financing. SBWMA will also be applying for grants. Mr. La Mariana also gave an update with his meeting with LAFCo in which topics included the impact to rate payers by transferring the District solid waste franchise to San Mateo County.

4. Consider Approval of Combining the FERRF Levee Improvement Project and the Bayfront Recycled Water Treatment Facility Project

Motion to Approve by: Moritz 2nd by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: Rich Laureta of Freyer & Laureta presented an overview of the project. Board consensus is to combine the projects and commence with a Programmatic Environmental Impact Report.

5. Progress Report on Alpine Road Sewer CIP Project

Comments: Project & IT Manager Kitajima presented an update of the project which included traffic control set-up, excavation of existing sewer main, the removal of sewer wrapped for disposal, installation of new sewer and the backfill and compaction.

6. District Manager's Report

1) CIP Project:

- a. **Belle Haven III:** CIP construction began July 23. 95% complete. Project ran into Whiskey Hill geo-formation which is very poor and runny soil. Reduced scope of project slightly to mitigate costs.
- b. **FERRF Metal Storage Building Update:** Modifying design to accommodate for soils report.
- c. **Alpine Road Pipeline Replacement Project Update:** Construction rapidly progressing along Alpine near Holbrook Drive.
- d. **FERRF Levee Project:** Scheduling a meeting with Army Corp and Regional Board to discuss the strip of CMPK land between FERRF and Bay and whether sheet piling will be acceptable.

2) Affiliate Agency/Association News:

- a. **Facebook ORTP:** A draft provisional Discharge permit has been written and is being reviewed for Facebook for their Onsite Reuse Treatment Plant. Cannot issue the provisional permit until the State has fully permitted operation of the plant.
- b. **Belle Haven Spring Fair:** April 27. Staff had a booth for public outreach.

3) Upcoming Events:

- a. **Board meetings:** Next mtg: 7 pm, May 22.
- b. **Union Negotiations:** Second meeting scheduled for May 16.

4) Misc./Action Items from Previous Meeting:

- a. **SSOs:** One SSO for April. 2019 Total = 3.
- b. **10 Coyote Hill, PV:** Geotech firm through F&L Engineering performed soil boring March 29th, to help determine cause of erosion on hillside within District easement, document and develop engineering plan for remediation. Awaiting results.

7. Consent Calendar

- A. Approval of Minutes for Regular meeting April 24, 2019
- B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for May 8, 2019
- C. WBSD Operations and Maintenance Report – April 2019
- D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – April 2019

Motion to Approve by: Moritz 2nd by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

Comments: Motion to approve with amended minutes.

8. Consideration to Accept Third Quarter Internal Financial Statements & Analysis of Financial Position as of Quarter End March 31, 2019

Motion to Approve by: Moritz 2nd by: Thiele-Sardiña Vote: AYE: 5 NAY: 0 Abstain: 0

Comments: DM Scott presented the report to the Board.

9. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status

Comments: DM Scott reported that the District recently received \$1.1M in State funds for the project. He reported the SFPUC permit is in process and Caltrans encroachment permit is proceeding and preliminary work on the IRWM grant application has begun.

10. Report & Discussion on South Bayside Waste Management Authority (SBWMA)

Comments: None.

11. Update on SVCW WIFIA Loan and Second Amendment to the Finance Agreement

Comments: DM Scott and DC Condotti provided an update on the SVCW WIFIA Loan and the Second Amendment to the Finance Agreement and potential need to amend the District's Finance Agreement with the State Water Resources Control Board for the Sharon Heights Recycled Water Project SRF Loan. The Board may need to consider approval of an amendment to SRF loan agreement at an upcoming meeting.

12. Report, Discussion & Direction on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing

Comments: Secretary Otte reported the next Commission meeting will be on May 13.

13. Closed Session

- A. CONFERENCE WITH LABOR NEGOTIATORS
(Pursuant to Cal. Govt. Code §54957.6) Agency designated representatives: District Manager, Legal Counsel, IEDA
Employee Organization: Exempt Employees, Unrepresented Employees, & Teamsters Local 350
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Cal. Govt. Code §54956.9(d))
Name of Case: *1740 Oak Avenue, LP v. West Bay Sanitary District, et al.* – SM CSC
Case No. 18CIV02183
- C. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation pursuant to Section 54956.9(d)(4): (1 potential case)

Entered closed session at 9:12 p.m. Left closed session at 9:35 p.m.

Reportable action: No Reportable Action.

14. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda

Comments: None.

- 15. Adjournment Time:** The meeting was adjourned at 9:35 PM

WEST BAY SANITARY DISTRICT
WITHDRAWAL ORDER
 May 22, 2019

CHECK	TO WHOM PAYABLE	PURPOSE	AMOUNT
65084	SIGNA MECHANICAL	Operating Supplies - Coll	662.51
65085	SAN MATEO COUNTY CLERK	Deposit	50.00
65086	SAN MATEO COUNTY CLERK	Deposit	95.00
65087	NAVIA BENEFIT SOLUTIONS	Employee Benefits - A&G	1,163.52
65088	MARIE RAMIREZ/SDU	Wage Garnishment	508.62
65089	FRANCHISE TAX BOARD	Wage Garnishment	250.00
65090	MATHESON TRI-GAS, INC.	Operating Supplies - Coll	45.80
65091	AMERICAN MESSAGING	Utilities - A&G	61.47
65092	READYREFRESH BY NESTLE	Utilities - Coll	150.54
65093	BAGGENGINEERS	Subsurface Lines	8,070.00
65094	BUCKLES-SMITH	Operating Supplies - Coll	667.91
65095	CALIFORNIA WATER SERVICE	Utilities - Coll	49.92
65096	CALPERS LONG-TERM CARE PROGRAM	LTC Withholding	26.61
65097	CINTAS CORP	Contract Services - Coll	815.26
65098	DELL MARKETING L.P.	Repairs & Maintenance - Coll	5,033.29
65099	ALLIANT INSURANCE SERVICES INC	Insurance - A&G	875.00
65100	NAVIA BENEFIT SOLUTIONS	Employee Benefits - A&G	25.00
65101	GRAINGER	Operating Supplies - Coll	759.67
65102	KIMBALL MIDWEST	Operating Supplies - Coll	377.19
65103	HOME DEPOT CREDIT SERVICES	Operating Supplies - Coll	569.91
65104	JACK DOHENY COMPANIES, INC.	Training, Meetings & Travel - Coll	450.00
65105	JANI-KING OF CA, INC - SFR/OAK	Contract Services - A&G	726.60
65106	KONE INC.	Contract Services - A&G	248.74
65107	LOG ME IN	Repairs & Maintenance - Coll	65.00
65108	CITY OF MENLO PARK	Utilities - A&G	351.68
65109	MUNICIPAL MAINTENANCE EQUIP.	Repairs & Maintenance - Coll	5,355.83
65110	VOID		
65111	PACIFIC GAS & ELECTRIC	Utilities - Coll	3,221.71
65112	RED WING SHOE STORE	Operating Supplies - Coll	213.58
65113	SEEKZEN SYSTEMS	Professional Services/Repairs & Maintenance - Coll	475.00
65114	SPARTAN TOOL LLC	Operating Supplies - Coll	984.51
65115	TPX COMMUNICATIONS	Utilities - Coll	2,281.16
65116	TELETRAC NAVMAN US LTD.	Contract Services - Coll	491.76
65117	VISION COMMUNICATIONS CO.	Rents & Leases - A&G	667.00
65118	ZOOM IMAGING SOLUTIONS, INC.	Rents & Leases - Coll	430.63
65119	PICCOLO RISTORANTE ITALIANO	Travel, Meetings & Training	285.75
65120	SWRCB - DRINKING WATER OPS. CERT.	Travel, Meetings & Training	60.00
65121	AAA RENTALS	Rents & Leases - Coll	378.80
65122	AQUALITY WATER MANAGEMENT INC.	Professional Services - A&G	6,678.45
65123	CALIFORNIA WATER SERVICE	Utilities - Coll	1,452.91
65124	DELL MARKETING L.P.	Repairs & Maintenance - Coll	2,834.84
65125	DU-ALL SAFETY, LLC	Professional Services - Coll	2,767.50
65126	GRAINGER	Operating Supplies - Coll	2,817.89
65127	GRANITE ROCK, INC.	Operating Supplies - Coll	750.38
65128	IEDA	Professional Services - A&G	734.00
65129	KIS	Repairs & Maintenance - Coll	4,083.00
65130	MALLORY CO.	Operating Supplies - Coll	742.54
65131	CITY OF MENLO PARK	Other Operating Expenses - Coll	475.00
65132-65133	VOID		
65134	MENLO PARK HARDWARE CO. #14016	Operating Supplies - Coll	208.19
65135	PACIFIC GAS & ELECTRIC	Utilities - Coll	513.45
65136	PENINSULA BUILDING MATERIALS	Operating Supplies - Coll	1,070.32
65137	RANGER PIPELINES	Subsurface Lines	838,112.80
65138	RICH VOSS TRUCKING	Operating Supplies - Coll	621.77
65139	ROBERTS & BRUNE CO	Operating Supplies - Coll	994.49
65140	SHAPE INCORPORATED	Pump Stations	24,947.68

65141	3T EQUIPMENT COMPANY	Operating Supplies - Coll	7,318.35
65142	WEST YOST & ASSOCIATES	Professional Services - A&G	5,370.30
TOTAL CHECKS			<u>939,438.83</u>

WIRES

<u>TRANSFER DATE</u>	<u>PURPOSE</u>	
5/10/2019	Employee Payroll - Pay Period 4/26/19 - 5/10/2019	103,672.49
5/10/2019	Federal Payroll Taxes	18,851.30
5/10/2019	State Payroll Taxes	6,112.48
5/9/2019	ICMA	7,718.97
5/7/2019	Transfer to LAIF - Maturities on Reserves	594,000.00
5/15/2019	Public Employees Retirement - Medical	44,432.28
5/7/2019	Public Employees Retirement - Contributions	42,663.37
WIRE TRANSFERS FROM BofW CHECKING		<u>817,450.89</u>
5/7/2019	Maturities from BoW Reserves	594,000.00
WIRE TRANSFERS To BofW CHECKING		<u>594,000.00</u>

Secretary

President

WITHDRAWAL ORDER
SUPPLEMENTAL PURCHASE REGISTER
05/22/2019

OPERATING SUPPLIES & OFFICE EXPENSE

<u>CHECK</u>	<u>AMOUNT</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>
65098	5,033.29	Dell Marketing L.P.	IT Hardware - Desktop, Monitors, Monitor Stands, & Keyboards
65126	2,817.89	Grainger	Misc. Hardware Parts, Magnetic Drivers, Flow Meter 3" Turbine for Water Plant
65129	4,083.00	KIS	Annual VMWare Server Support - Annual Subscription Renewal

MISCELLANEOUS

<u>CHECK</u>	<u>AMOUNT</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>
65093	8,070.00	Baggengineers	Flow Monitor Study
65109	5,355.83	Municipal Maintenance Equipment	Repair & Maintenance on Hydraulic Pumps and Camera
65110	Void	Printer Error	
65120	60.00	State Water Resources Control Board	SWRCB - DRINKING WATER Operations Certificate for Phil Scott
65122	6,678.45	Aquality Water Management Inc.	Engineering Services for Facebook
65132-65133	Void	Printer Error	
65137	838,112.80	Ranger Pipelines	CIP - Alpine Road Sewer Replacement Project
65140	24,947.68	Shape Inc.	\$17,320.10 - Pump & Valve Replacement Program and \$7,627.58 - Repair & Maintenance
65141	7,318.35	3T Equipment Company	6" x 48" Pipe Patch Kits - Qty: 12
65142	5,370.30	West Yost & Associates	ORTP Discharge Permit and Engineering Services for Facebook

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

REGULAR PAYABLES	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
A-A Lock & Alarm	203.10	
A-1 Rhino Liner	-	
A & B Trailer Hitch Inc.	855.65	
A & D Automatic Gate Access	199.50	
AAA Rentals	975.80	378.80
ABAG Hazmat	-	
ADS LLC	-	
Academy X INC.	1,850.00	
Access	104.00	
Action Towing	787.50	
Airgas USA, LLC	307.32	
Alan Steel & Supply Co.	-	
Albert Patino	1,802.84	
Allen Equipment Company, Inc.	-	
All Fence Company, Inc.	5,740.00	
Alliant Insurance Services Inc	15,892.00	875.00
The Almanac	16,120.96	
Alpha Analytical Laboratories	3,840.00	
Alpine Ladera Fuel Inc.	-	
American Industrial Pumps	-	
American Messaging	676.47	61.47
American Textile & Supply	-	
American Water Services	369.00	
American Water Works Assn.	269.00	
Andes Construction Inc.	-	
Anderson Pacific	8,240,276.17	
Andrighetto RA	-	
A M Consulting	-	
Aqua Natural Solutions	896.04	
Aquality Water Management Inc.	13,888.45	6,678.45
Arrowhead	-	
Ascent Elevator Services Inc.	-	
Association of Bay Area Gov.	-	
AT&T	10,414.46	
Atchison, Barisone & Condotti	80,639.18	
Town of Atherton	3,000.00	
AW Direct	579.17	
Aztec Consultants	44,768.75	
BHI Management Consulting	-	
Backflow Prevention Specialist	-	
Baggenengineers	14,920.00	8,070.00
Bayside Heating & Air	-	
Bankcard Center	50,823.89	
S.G. Banks, Inc	-	
Victor Garcia	665.30	
Barker Blue	-	
Andres Barriga	685.87	
Bay Alarm	21,961.75	
Bay Area Air Quality	2,293.00	
Bay Area Barricade Service Inc	1,975.10	
Bay Area Clean Water Agencies	-	
Bay Area Paving Co. Inc.	2,629.00	
Bay Reprographic, Inc.	1,410.43	
Bayside Equipment Company	7,691.17	
Bayside Fire Protection Inc.	-	
Bay Area Clean Water Agencies	-	
Bell Electrical Supply, Inc.	547.94	
Annette Bergeron - Petty Cash	183.08	
Jed M. Beyer	794.95	
Black Pepper	1,925.00	
Blue Oaks Reimb Agrmnt Participants	-	
Bobcat West	784.91	
Boyce Reimb Agreement Participants	-	
Boy Scout Troop 222	-	
Brothers Mail Order Ind Inc	-	

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
REGULAR PAYABLES		
Bruce Barton Pump Service	-	
Buchanan Automation Inc.	160.39	
Buja, Mejia, Sausal Creek Assoc Reim Agrmnt	105,974.73	
Buckles-Smith	832.92	667.91
Burke, Williams & Sorensen	-	
CA-NV AWWA	-	
CDPH-OCF	-	
CDTFA	310.00	
CDW Government	486.75	
CRAgency, Inc.	3,745.50	
CWEA, Sfs	355.00	
CWEA-SCVS	1,335.00	
CWEA-SAS	-	
CWEA-SFSB	-	
CWEA	6,505.00	
CWEA TCP	728.00	
CWEA Workshops	318.00	
CASA	13,370.00	
CSDA	7,252.00	
CSRMA C/O Alliant Insurance	229,600.10	
CSR Graphics	-	
State of California	-	
Calif Special Districts Assn.	-	
California Commerce	-	
Calif. Labor Law Poster Servic	152.00	
California Trenchless Inc.	-	
Calif. Utilities Emergency Assc	-	
State Water Resources Control	155.00	
California Water Service	16,544.78	1,502.83
Calpers Long-Term Care Program	585.42	26.61
Calpers Fiscal Services Div.	-	
Cal-Steam	203.10	
Caltrans	-	
Cardiac Science Corp.	-	
Center For Hearing Health Inc.	616.00	
Central Supply Co., Inc.	-	
Century Carpet, Inc.	-	
Chemsearch	556.80	
Chevron	1,095.59	
Chavan & Associates LLP	21,500.00	
Christian Brothers Lining, Co.	-	
Christopher Jones	82.34	
Cintas Corp	39,120.31	815.26
Coker Pump & Equipment Company	949.33	
Comcast	3,001.67	
Commercial Capital Company Llc	-	
Comtread Inc.	-	
CPS HR Consulting	16,045.92	
Corrosion Engineering Assoc.	-	
Heath Cortez	-	
Costco Membership	60.00	
County Specialty Gases	-	
Cues	3,600.00	
CUSI	13,750.00	
Custom Tops, Inc.	646.16	
DKF Solutions Group	470.00	
D & L Supply	-	
D & S Sales	-	
Dale Scott & Co., Inc.	4,000.00	
Peggy Daniels	2,276.86	
Davey Tree Expert Company	-	
The Definitive Deodorant Co.	-	
Dell Marketing L.P.	23,880.79	7,868.13
Delta Diablo Sanitation Dist.	8,567.61	
Deluxe	1,040.12	
Dept. of Industrial Relations	-	
Dept of Motor Vehicles	-	

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
REGULAR PAYABLES		
Detection Instruments	-	
Dewey Pest Control	25,058.00	
Direct Safety	-	
Dolphin Graphics	2,343.28	
Downtown Ford Sales	33,203.70	
Ducky's Car Wash	-	
Duke's Root Control, Inc	203,143.94	
Du-All Safety, Llc	26,122.50	2,767.50
Susan Dunlap	312.02	
ESRI	10,000.00	
Eagle United U.S.A., Inc.	-	
East Bay Muni Utility District	2,393.00	
City of East Palo Alto	-	
Eco Office	-	
Electro-Stock Inc	-	
Elite Parts LLC	4,853.33	
Embarcadero Media	1,595.88	
Environmental Bio Int., Llc	-	
EnviroZyme	2,998.34	
Express Safety, Inc.	-	
Fanton Reimbursement Recipients	-	
Fastenal Company	-	
Fast Response On-Site Testing	2,457.60	
Federal Express	3,883.21	
Fremont Urgent Care	1,694.00	
Finishmaster Inc	3,422.32	
City of Foster City	1,000.00	
Four Star Automotive, Inc.	-	
Franchise Tax Board	4,859.58	250.00
Freyer & Laureta	258,171.64	
Full Source, LLC	526.80	
G3 Engineering, Inc	9,061.13	
GCVSC (Grtr Centrl Valley Coll Syst)	-	
Gaffigan Company	-	
Gardini Electric Co. Inc.	-	
Garratt Reimbursement Recipients	-	
Angus Gavin	-	
Gearbox	-	
General Hardware & Bldrs Suppl	-	
Getgo, Inc.	-	
Givat Partnership	-	
Golden Gate Truck Center	1,661.50	
Golden Oak Reimb Agrmnt Participants	-	
Golden Street Printing Co	-	
Goldstreet Design Agency, Inc.	-	
Grainger	29,141.13	3,577.56
Granite Rock, Inc.	1,113.15	750.38
Guardian Life Insurance Co.	-	
HDPE Supply	340.87	
HF&H Consultants, LLC	54,127.99	
H & R Plumbing & Drain	-	
Hach Company	11,156.67	
Hagemeyer North America, Inc.	-	
Hadronex, Inc.	-	
Half Moon Bay Grading & Paving	-	
Harben California	-	
Harbor Ready-Mix	1,191.43	
Harrington Industrial Plastics	260.44	
Hazard Management Services	1,384.30	
Hassett Hardware	-	
Helix Laboratories, Inc.	-	
Arthur Hildebrand	150.00	
Hillyard/San Francisco	1,210.30	
Holmes International	-	
Home Depot Credit Services	6,348.23	569.91
Hot Stick U.S.A.	-	
Bob Hulsmann	782.14	

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
REGULAR PAYABLES		
Hydraulic Controls	-	
Hyster Sales Company	-	
ICMA-Fees	-	
IEDA	8,074.00	734.00
IKEA Accounts Receivable	-	
Ikon Financial Services	-	
Ikon Office Solutions	-	
Industrial Safety Supply	15,476.20	
Industrial Scientific	-	
Innovyze, Inc	7,725.00	
Institute for Local Government	200.00	
Instrument Technology Corp.	17,947.09	
International Tree Experts	-	
Interstate All Battery Center	-	
Interstate Traffic Control Pro	143.66	
Invarion Inc	1,770.00	
Isac Inc	10,266.70	
J & B Corrosion Engineering	1,395.00	
Jack Doheny Companies, Inc.	2,050.00	450.00
Jani-King of CA, Inc - SFR/OAK	7,260.84	726.60
Jonathan Werness	450.95	
King Kovers	501.74	
Bill Kitajima	300.00	
Kaman Industrial Technologies	-	
KDS Communications	1,430.00	
Kimball Midwest	4,370.13	377.19
Kelly's Stump Removal	700.00	
Richard Kinder	-	
KIS	13,496.00	4,083.00
Kone Inc.	2,736.14	248.74
Alex Kushner General Contr.	-	
L & M Transmission	-	
LDH MP, LLC	-	
LMC Truck	7,583.70	
LTW Reimb Agreement Participants	-	
Larson Consulting	-	
Lasky Trade Printing	609.01	
Las Lomitas Elementary School	-	
Aurora Ledesma	75.00	
Legacy Painting Contractors	-	
Log Me In	2,323.30	65.00
Town of Los Altos Hills	-	
Lucity, Inc.	805.00	
Lyngso Garden Materials, Inc	-	
MSDS Online, Inc.	-	
Damian Madrigal	-	
Eric Madrigal	-	
Mail Finance	1,068.72	
Mallory Co.	17,505.49	742.54
The Marlin Company	-	
Marshall & Tidmarsh/Moulds RA	-	
Massimo Mazzon	-	
Masune	-	
Masters of Communication	-	
Matheson Tri-Gas, Inc.	478.70	45.80
Maxx Metals	767.67	
McGuire & Hester	-	
Dale/McMills Partnership	-	
Mckenna Long & Aldridge	-	
Medco Supply Company	471.17	
Media Signage	795.00	
Metal Building Company	-	
Menlo Chevron	-	
Menlo Park Chamber of Commerce	475.00	
City of Menlo Park-Water	9,036.90	
City of Menlo Park-Repair	12,553.12	
City of Menlo Park-Fuel	37,055.11	

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
REGULAR PAYABLES		
City of Menlo Park	32,453.59	826.68
Menlo Park Police Department	50.00	
City of Menlo Park-Print Shop	-	
Marie Ramirez/SDU	11,698.26	508.62
Menlo Park Fire Protection	8,290.00	
Menlo Park Hardware Co. #14016	1,068.37	208.19
Metromedia, Inc.	-	
Myers Tire Supply	-	
Mid Peninsula Abstracts	810.00	
Midwest Unlimited	-	
Mike's Camera, Inc.	-	
Mills-Peninsula Health Service	-	
Mission Clay Products, LLC	7,804.74	
Mission Valley Ford	919.36	
Edward P. Moritz	-	
Morse Hydraulics	802.64	
Moss Rubber	1,609.06	
Motion Industries, Inc.	-	
Municipal Maintenance Equip.	9,542.64	5,355.83
NCCIPMA-HR	-	
National Fleet Solutions	-	
National Notary Association	-	
Nationwide Retirement Solution	-	
National Safety Council	-	
Navia Benefit Solutions	11,773.51	1,188.52
Neopost USA Inc.	-	
Carrie Nevoli	344.82	
Carrie Nevoli - Petty Cash	480.53	
Nixon-Egli Equipment Company	-	
Norcal Materials, Inc.	-	
Nor-Cal Pipeline	-	
Norlab, Inc.	-	
North Bay Pensions	2,500.00	
No. CA. Emergency Vehicle Inst	-	
Northern Safety Co.	-	
Northern Tool & Equip Co.	-	
Northwestern Design	-	
Office Of Water Programs	-	
Occasions, Etc.	279.49	
Ogasawara Landscape Maint.	9,190.00	
Old Toledo Brands, Inc.	-	
Omega Industrial Supply, Inc.	7,158.25	
Onset Computer Corporation	1,523.00	
Oratech Controls, Inc.	-	
Oreco Systems	-	
Orlandi Trailer	-	
Orr Safety	-	
George Otte	-	
Owen Equipment Company	-	
P&F Distributers	353.44	
PC Connection Sales Corp	780.00	
Pacific Auto Repair	-	
Pacific Gas & Electric	65,081.56	3,735.16
Pacific Gas & Electric - CFM/PPC Dept	74,681.06	
PAMF	-	
Pape Machinery	-	
Patterson Medical Supply, Inc	-	
Pearpoint, Inc	-	
Peninsula Abstracts	-	
Peninsula Auto-RV Truck Service	-	
Peninsula Battery Inc.	-	
Peninsula Building Materials	3,311.52	1,070.32
Peninsula Corridor JPA	-	
Pacific Peninsula Group	-	
Peterson Trucks	-	
Phil Finer Refrigeration & A/C	-	
Phil Scott	4,252.63	

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
REGULAR PAYABLES		
Piccolo Ristorante Italiano	285.75	285.75
Pier 2 Marketing	1,500.00	
Pinnacle Products	-	
Pinpoint	-	
Pipelogix	-	
Pirtek Sfo	347.46	
Pitney Bowes, Inc.	-	
Pollard Water.Com	-	
Ponton Industries, Inc.	19,328.07	
Precise Concrete Sawing, Inc.	-	
Precise Printing and Mailing	15,175.29	
Precision Engineering	3,146,594.28	
Precor Home Fitness	-	
Preferred Alliance	2,555.43	
Principal Financial Group	51,519.78	
Priority 1 Public Safety	4,363.83	
Profusion Ornamental Iron	2,997.00	
Progressive Business	-	
PERS Public Agency Coalition	-	
Public Employees Retirement-Medical	439,220.22	44,432.28
Public Employees Retirement	636,185.74	42,663.37
Sergio Ramirez	10,722.17	
R.A. Nosek Investigations	870.00	
R.E.P. Nut N Bolt Guy	-	
R.S. Hughes	-	
RMC Water and Environment	352,953.43	
Radin Co.	-	
Marvin Argueta Ramos	277.76	
Rain Harvesting Supplies	-	
Ranger Pipelines	838,112.80	838,112.80
RapidForms	-	
Readyrefresh By Nestle	3,000.61	150.54
Red Wing Shoe Store	6,373.68	213.58
Redwood General Tire Co., Inc.	1,070.55	
Reed & Graham, Inc.	-	
Todd Reese	-	
Re-Pipe California	-	
Restoration Management Co.	-	
Rhino Networks	858.00	
Rich Voss Trucking	1,823.68	621.77
Ricker Machinery Company	-	
Roberts & Brune Co	21,634.29	994.49
Roto Rooter	-	
Rubber Flooring Inc.	-	
Santified Plumbing & Rooter	-	
Silicon Valley Clean Water	6,957,368.00	
SVCW Bond - 2009 Bond	964,651.85	
SVCW Bond - 2014 Bond	1,144,768.23	
SVCW Bond - 2015 Bond	824,050.00	
SVCW Bond - 2018 Bond	1,838,480.56	
SVCW SRF Loan payment	506,765.21	
SBWMA	-	
SWRCB	12,259.00	
Safeguard Armor	-	
Safety Center Inc	2,704.00	
Safety-Kleen, Corp.	516.69	
Sage Software	-	
San Mateo County Employees	32,993.55	
San Mateo County Assessor	-	
SM County-CSDA	-	
San Mateo County Clerk	4,018.00	145.00
San Mateo County Elections	-	
SM County Environmental Health	-	
SM County-Empl Services	-	
San Mateo Co Health Dept	1,416.00	
SM County Public Health	-	
San Mateo County	6,269.00	

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
REGULAR PAYABLES		
SM County Recorder	-	
San Mateo County Sheriffs Dept	-	
San Mateo County Tax Collector	852.16	
Samtrans	-	
George Sanchez III	225.00	
Rupert Sandoval	716.71	
Santa Clara Valley Water Dist.	100.00	
County of San Mateo LAFCO	18,386.00	
County of Santa Clara	605.00	
Santa Clara County Clerk - Recorder Office	221.00	
Santa Clara County Dept of Env. Health	-	
Santa Clara Valley - CWEA	-	
Henry Santos	-	
Scelzi Enterprises, Inc.	-	
Robert J. Scheidt	639.11	
Schmidt/Tabacco RA	-	
John T. Seace, LS	20,000.00	
Secretary of State	-	
Seekzen Systems	5,945.00	475.00
Sensera Systems	1,716.00	
Sequoia Automotive	-	
Shape Incorporated	61,456.07	24,947.68
Siemens Industry, Inc.	-	
Simonds Machinery Co.	-	
Snap on Industrial C/O	-	
Sharp Business Systems	4,272.22	
Sharp Electronics Corporation	-	
Shaw Pipeline Inc.	-	
Signa Mechanical	15,141.84	662.51
John R. Simonetti	-	
SIM/TECH Filter	-	
Scott Sisto	-	
Smartcover Systems, Inc.	33,268.48	
Snap on Industrial	-	
Softmart	-	
Solarwinds	55.00	
Sonsray Machinery Llc	3,570.26	
South Bay Truck & Equip.	-	
Southwest Credit	-	
Southwest Construction & Prop	-	
Southwest Products Corp.	-	
Spartan Tool LLC	4,548.22	984.51
Sreco Flexible	-	
Staples Credit Plan	10,162.95	
State Board of Equalization	-	
State Water Resources Control	235.00	
SWRCB - Drinking Water Ops. Cert.	60.00	60.00
Statewide Safety & Signs	-	
Sterngold Reimbursement Agreement Participants	-	
Stevens Creek Quarry, Inc.	2,563.59	
Stevens Engineering	151.97	
Stree FX Collision & Towing	5,400.00	
Sunnyvale Ford	-	
The Surtec System	641.27	
Sutter EAP	2,029.99	
Symantec Corporation	-	
System Pavers	-	
Tabacco/Schmidt Reimbursement Agreement	60,301.99	
Tap Plastics Inc.	-	
Target Specialty Products	1,589.55	
Teamsters Local No. 350	10,314.00	
Teletrac Navman US LTD.	1,967.04	491.76
Telog Instruments, Inc.	-	
Telstar Instruments, Inc.	-	
Terminix Processing Center	-	
Test America	-	
The Concept Genie	5,703.40	

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2018-19 PAYMENTS
(Through Withdrawal Order 05/22/2019)

	TOTAL BY VENDOR 7/1/2018- 05/22/2019	WITHDRAWAL 5/22/2019
REGULAR PAYABLES		
Roy Thiele-Sardina	-	
Thomson Reuters/Barclays	-	
3T Equipment Company	41,049.07	7,318.35
3 Day Blinds, Corp.	1,234.98	
Tools Direct USA	-	
Toshiba Financial Services	3,221.90	
Total Equipment	-	
Total Safety U.S., Inc.	-	
Towne Ford Sales	2,413.20	
TPC Training	1,100.00	
TPX Communications	9,848.70	2,281.16
Tractor Equipment Sales	-	
Trailer Villa	-	
Transcom Corporation	-	
Trenchless Technology Inc.	-	
Turf & Industrial Equipment	-	
USB Memory Direct	1,162.50	
Underground Service Alert	9,447.63	
United Rentals	-	
US Bank	1,107.44	
U.S. BANK PARS ACCT	-	
US Concrete	-	
U.S. Healthworks Medical Group	482.37	
U.S. Jetting, LLC.	1,704.25	
V & A Consulting Engineers	29,826.25	
V.W. Housen & Associates	29,304.11	
Valley Heating & Cooling	588.00	
Valley Power Systems North	283.13	
Vanderlans & Sons, Inc.	-	
Verizon Wireless	18,327.53	
Vision Communications Co.	8,758.16	667.00
Vortex Industries, Inc.	-	
David Walker	-	
Water Environment Federation	255.00	
Weco Industries, Inc.	58,089.93	
Donna M. Wies	7,400.00	
West Valley Ventures	-	
West Yost & Associates	148,995.90	5,370.30
Western States Tool & Supply	-	
Whitley Burchett & Associates	-	
Winzer Corporation	1,061.70	
Woodard & Curran	56,695.30	
Young's Auto Supply Center	1,122.15	
Zanker Road Landfill	-	
Zoom Imaging Solutions, Inc.	3,926.38	430.63
TOTAL REGULAR PAYABLES	28,798,517.48	1,026,534.48
SALARIES/WAGES & W/H		
Salaries/Wages - Net Pay	1,768,902.74	\$103,672.49
Directors Fees - Net Pay	18,113.01	\$0.00
PrimePay Fees	5,871.78	\$0.00
IRS - Federal Payroll Taxes	387,797.17	\$18,851.30
EDD - State Payroll Taxes	126,731.43	\$6,112.48
ICMA	166,518.72	\$7,718.97
Performance Merit Program	75,063.49	
TOTAL SALARIES RELATED	2,548,998.34	\$136,355.24
TOTAL PAYABLES	31,347,515.82	1,162,889.72

WEST BAY SANITARY DISTRICT
Schedule of Cash Receipt Deposits
05/02/19 - 5/13/19

DEPOSIT DATE	RECEIPT NUMBER	DESCRIPTION	AMOUNT
5/8/2019	460644	2 Douglass Way, ATH	\$456.80
5/8/2019	460645	Discharge Permit: 1 Fredrick Ave, ATH	\$640.86
5/8/2019	460646	Permit: 1 Fredrick Ave., ATH	\$160.00
5/8/2019	460647	Permit: 1326 Hoover St, MP	\$270.00
5/8/2019	460648	Supplemental Connection Fees for 1020 Doyle St, MP	\$4,242.96
5/8/2019	460649	Inv 2018/19-067 - \$262.08, 2018/19-068 - \$394.90, 2018/19-069 - \$394.90, 2018/19-070 - \$275.28	\$1,327.16
5/8/2019	460650	Inv 2018/19-076 - \$129.80, 2018/19-075 - \$129.80, 2048/19-074 - \$501.60, 2018/19-073 - \$501.60	\$1,262.80
5/8/2019	460651	Inv 2018/19-082 - Pacific Biosciences of CA, Inc.	\$34,680.00
5/8/2019	460652	Invoice 2018/19-064A - 2nd Deposit - Conditional Class 3 Permit, 1 Facebook Way, MP.	\$100,000.00
5/8/2019	460653	Cash deposit for 1 year - 191 Meadowood Dr., PV	\$9,500.00
5/8/2019	460654	Permit: 333 Leland Ave, MP	\$270.00
5/8/2019	460655	Permit: 181 Lucero Way, PV	\$270.00
5/10/2019	460656	Permit: 223 Okeefe St, MP	\$270.00
5/10/2019	460657	Permit: 1032 Windermere Ave, MP	\$405.00
5/10/2019	460658	Permit: 1709 Croner Ave, MP	\$270.00
5/10/2019	460659	Permit: 80 Macbain Ave, ATH	\$270.00
5/10/2019	460660	Permit: 10 Atherton Ave, ATH	\$270.00
5/10/2019	460661	Inv 2018/19-57: \$25,246.23, Inv 2018/19-58: \$23,247.45, Inv 2018/19-59: \$50,903.84 - Town of LAH	\$99,397.52
5/10/2019	460662	Permit: 312 Durham St, MP	\$270.00
Total Deposit			<u>\$254,233.10</u>



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5D**

To: Board of Directors

**From: Phil Scott, District Manager
Donald Sturman, Finance Manager**

Subject: Consider to Ratify and Approve Report on District's Investment Portfolio Including the Transactions of Assets Described Therein as of 4/30/19

Background

On October 27, 2010 the District named Bank of the West as the District's Investment advisor and approved to invest \$5 million in available funds according to the model portfolio.

At the October 15, 2014 Board meeting the Directors discussed the District's reserve funds and directed the DM to use recent unbudgeted revenues to fund District reserves as close to the predetermined target levels as the revenues would allow. As a result, the DM transferred \$3M from the Money Market account on October 29, 2014 to the Investment Management Fund.

At the November 19, 2014 Board meeting the Directors discussed the District's reserves and further directed the DM to apply another set of unbudgeted revenues to the reserves in an attempt to move even closer to the reserve target levels. In addition, since BOW had recently notified the District that the Money Market interest rate would be failing to match the LAIF (Local Agency Investment Fund) rate, the Board directed the DM to move the Operating Reserves to the Investment Management Fund. The District's Operating Fund – equivalent to 5 months operating expense – is designed to bridge the cash flow gap between tax roll receipts from the County from July to December of each year. The Board consensus was to fully fund the reserves at target levels. The Operating Reserves change each year as the budget changes and the target level was set as budgeted for the end of FY18-19. In March 2018 an additional reserve was established to set aside funds received from Sharon Heights Golf and Country Club for the required Recycled Water SRF Reserve.

The District's reserve funds were set as follows:

District Reserves	Target Balance	Mkt Value Balance
Emergency Capital Reserve	= \$5.0M	\$4.97M
Capital Project Reserve	= \$3.5M	\$2.80M
Operating Reserves (5 mo's Op Exp)	= \$9.4M	\$7.98M
Rate Stabilization Reserve	= \$6.5M	\$6.32M
Reserve maturities transferred to LAIF as of 4/30/19		\$3.45M
Recycled Water Cash Flow:	= \$8.0M	<u>\$8.14M</u>
BoW RW CF Reserve		\$ 222K
RW CF Reserve funds transferred to LAIF		\$7.92M
Recycled Water SRF Reserve (SHGCC) = \$806.2K		\$ 832K

Total Reserves market value at 4-30/2019 ≈\$34.58M

Analysis

The Finance Manager has attached a copy of the latest monthly Investment Management portfolio statements showing income activity and market valuations as of the end of the month for the six reserve accounts.

In April, \$923,000 of maturing investments from the Emergency Capital, Capital Project, Operating, and Rate Stabilization Reserves were transferred to LAIF increasing the total transfer to date to \$3,447,000. The purpose of this transfer is to build a source of cash liquidity for funding toward the \$6.6M payable on the 2018 SVCW Bonds on June 30, 2019. Over the next couple of months, the latest projection of reserve maturities provided by Bank of the West Wealth Management indicate a possible accumulation to approximately \$7.5M by the time the payment is due on June 30. The accumulation, however, ultimately depends on the activity of the callable securities in these reserves which could substantially reduce that amount. Possible options to fund the shortfall from the \$6.6M include liquidating the remaining balance of the Rate Stabilization Reserve, payment from general fund cash, or use of the SVCW line of credit. After the July 1 payment, future maturities in the Rate Stabilization Reserve would reimburse the funds withdrawn from the other reserves to bring them back to their target levels.

As of 4/30/2019 maturing securities in the Recycled Water Cash Flow Reserve totaling \$7,918,649 have been withdrawn and deposited into LAIF. Recycled Water project spending through the end of March totaled 10,402,187 and the District has received SRF reimbursements of \$6,527,324 leaving a balance of \$4,073,785 of the Recycled Water reserve funds in LAIF as of 4/30/2019.

Fiscal Impact

The investment portfolios have been set up with the goal to yield a rate of return of approximately 2%. Based on the performance as measured by the month end market values, the yields have been trending toward this goal. The average yield in the District's LAIF account during April was 2.45%.

Recommendation

The District Manager recommends the District Board ratify and approve the report on the District's Investment Portfolio including the transactions of assets described therein as of 4/30/19.

Attachments: Investment Management Account Reports as of 4/30/2019; LAIF Performance Report ending 4/30/2019.



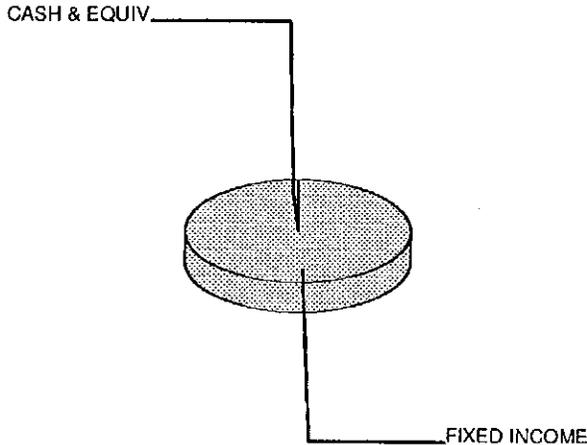
WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

WEST BAY SANITARY DISTRICT
ATTN: PHILLIP L. SCOTT
500 LAUREL STREET
MENLO PARK CA 94025

Fiduciary
Chuen Ying Lee
(408) 645-3234
Portfolio
Michael D. Smith
(408) 490-2078

Asset Allocation



Asset Valuation

Description	Market Value	% of Account
Cash & Equiv	14,401.53	0.3%
Fixed Income	4,924,218.87	99.7%
Total Portfolio	\$ 4,938,620.40	100.0%
Accrued Income	31,787.95	
Total Valuation	\$ 4,970,408.35	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 5,235,601.78	\$ 5,314,621.63
Income		
Interest.....	10,459.11	110,390.79
Purchased Income.....	0.00	-1,725.76
Disbursements.....	-27,772.43	-486,915.63
Realized Gains/(Losses).....	-5,617.08	-24,641.00
Change In Accrued Income.....	-5,714.54	2,628.26
Change In Market Appreciation/(Depreciation).....	-235,917.31	64,743.19
Non-Cash Asset Changes.....	-631.18	-8,693.13
Ending Market Value	\$ 4,970,408.35	\$ 4,970,408.35



BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

WBSD - EMERGENCY CAPITAL RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	14,401.530	14,401.53 14,401.53	339.00 13.48	2.36%
Total Cash Equivalents		\$ 14,401.53 \$ 14,401.53	339.00 13.48	2.36%
Fixed Income				
Astrazeneca PLC Sr Nt 1.95% Dtd 09/18/2012 Due 09/18/2019 Callable	100,000.000	99,584.00 98,290.00	1,950.00 232.91	1.96%
Blackrock Inc Nt 5.00% Dtd 12/10/2009 Due 12/10/2019 Callable	250,000.000	253,470.00 257,170.00	12,500.00 4,895.83	4.93%
Citigroup Inc Fr 2.50% Dtd 07/29/2014 Due 07/29/2019 Non-Callable	250,000.000	249,905.00 250,142.50	6,250.00 1,597.22	2.50%
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14	2,018.520	2,022.68 4,458.46	111.00 9.25	5.49%
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14	2,896.950	2,901.50 5,618.00	159.00 13.27	5.49%
Federal Home Loan Bks Cons Bds Step Cpn Dtd 04/27/2017 Due 04/27/2022 Callable	120,000.000	120,015.60 119,730.00	2,760.00 30.66	2.30%
Federal Home Loan Bks Cons Bds 3.06% Dtd 06/28/2018 Due 06/28/2022 Callable	80,000.000	80,062.40 80,000.00	2,448.00 836.40	3.06%
Federal Home Loan Bks Cons Bds 3.00% Dtd 09/27/2018 Due 09/27/2021 Callable	80,000.000	80,181.60 80,000.00	2,400.00 226.66	2.99%
Federal Home Loan Bks Cons Bds 2.00% Dtd 01/27/2016 Due 01/27/2021 Callable	75,000.000	74,377.50 73,537.10	1,500.00 391.66	2.02%
Federal Home Loan Bks Cons Bds 1.70% Dtd 07/27/2016 Due 07/27/2022 Callable	140,000.000	137,240.60 134,757.12	2,380.00 621.44	1.73%



BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 08/03/2017 Due 08/03/2022 Non-Callable	80,000.000	78,896.00 80,148.00	1,520.00 371.55	1.93%
Federal Farm Cr Bks Cons Systemwide Bds 2.83% Dtd 04/18/2018 Due 04/18/2022 Callable	100,000.000	100,005.00 100,000.00	2,830.00 102.19	2.83%
Federal Farm Cr Bks Cons Systemwide Bds 2.81% Dtd 06/14/2018 Due 06/14/2021 Callable	150,000.000	150,007.50 150,000.00	4,215.00 1,604.04	2.81%
Federal Farm Cr Bks Cons Systemwide Bds 3.17% Dtd 09/19/2018 Due 09/19/2022 Callable	80,000.000	80,173.60 80,000.00	2,536.00 295.86	3.16%
Federal Farm Cr Bks Cons Systemwide Bds 3.37% Dtd 12/05/2018 Due 12/05/2022 Callable	40,000.000	40,024.80 40,000.00	1,348.00 546.68	3.37%
Federal Home Loan Bks Cons Bds 4.125% Dtd 11/13/2009 Due 12/13/2019 Non-Callable	50,000.000	50,507.00 51,310.00	2,062.00 790.62	4.08%
Federal Home Loan Bks Cons Bds 2.875% Dtd 08/27/2010 Due 09/11/2020 Non-Callable	80,000.000	80,536.00 81,688.80	2,300.00 319.44	2.86%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	160,000.000	158,275.20 160,000.00	2,800.00 941.11	1.77%
Federal Home Ln Mtg Corp Medium Term Nts 1.625% Dtd 04/27/2017 Due 07/27/2020 Callable	40,000.000	39,627.20 40,000.00	650.00 7.22	1.64%
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable	150,000.000	148,902.00 148,575.03	2,475.00 27.50	1.66%
Federal Home Ln Mtg Corp 2.00% Dtd 04/26/2017 Due 10/26/2021 Callable	120,000.000	118,930.80 120,000.00	2,400.00 33.33	2.02%
Federal Home Ln Mtg Corp 2.00% Dtd 10/12/2017 Due 10/12/2021 Callable	100,000.000	99,028.00 100,000.00	2,000.00 105.55	2.02%
Federal Home Ln Mtg Corp 1.65% Dtd 10/30/2017 Due 10/30/2019 Callable	80,000.000	79,678.40 80,000.00	1,320.00 3.66	1.66%



BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Home Ln Mtg Corp 2.25% Dtd 12/29/2017 Due 12/29/2021 Callable	60,000.000	59,761.20 60,000.00	1,350.00 457.50	2.26%
Federal Home Ln Mtg Corp 3.25% Dtd 06/28/2018 Due 06/28/2023 Callable	80,000.000	80,077.60 79,960.00	2,600.00 888.33	3.25%
Federal Natl Mtg Assn 1.50% Dtd 04/27/2015 Due 06/22/2020 Non-Callable	25,000.000	24,748.00 25,158.75	375.00 134.37	1.52%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	25,000.000	24,681.00 25,149.75	375.00 157.29	1.52%
Federal Natl Mtg Assn 1.875% Dtd 11/16/2015 Due 12/28/2020 Non-Callable	40,000.000	39,720.40 40,506.40	750.00 256.24	1.89%
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	60,000.000	59,007.00 59,688.20	825.00 148.95	1.40%
Federal Natl Mtg Assn 1.25% Dtd 09/30/2016 Due 09/30/2019 Callable	60,000.000	59,705.40 59,985.00	750.00 64.58	1.26%
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	60,000.000	58,666.20 59,511.10	825.00 55.00	1.41%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	60,000.000	59,592.00 60,212.40	1,200.00 386.66	2.01%
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable	80,000.000	78,804.80 78,279.96	1,200.00 513.33	1.52%
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable	100,000.000	98,553.00 100,000.00	1,800.00 775.00	1.83%
Federal Natl Mtg Assn 1.75% Dtd 09/28/2017 Due 09/28/2020 Callable	130,000.000	128,922.30 130,000.00	2,275.00 208.54	1.76%
Federal Natl Mtg Assn 2.70% Dtd 03/26/2018 Due 03/26/2021 Callable	140,000.000	140,084.00 140,000.00	3,780.00 367.50	2.70%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	60,000.000	60,124.80 61,011.60	1,425.00 427.49	2.37%
Federal Home Ln Mtg Corp 1.75% Dtd 04/16/2012 Due 05/30/2019 Non-Callable	25,000.000	24,986.25 25,106.00	437.00 183.50	1.75%
Federal Home Ln Mtg Corp 1.25% Dtd 10/02/2012 Due 10/02/2019 Non-Callable	25,000.000	24,873.50 25,032.50	312.00 25.17	1.26%
Federal Home Ln Mtg Corp Multiclass Mtg Partn Ctfs Gtd Ser 2958 Cl Qj 4.00% Dtd 04/01/2005 Due 04/15/2020 IPD14	106.890	106.78 1,726.68	4.00 0.35	4.00%
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 Cl A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24	1,957.570	1,955.05 2,852.45	83.00 6.99	4.29%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24	11,660.180	11,885.69 16,211.69	583.00 48.58	4.91%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #819257 5.000% Dtd 05/01/2005 Due 04/01/2020 IPD24	4,013.180	4,008.00 5,955.99	200.00 16.72	5.01%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #MA0125 4.500% Dtd 06/01/2009 Due 07/01/2019 IPD24	98.250	99.99 995.36	4.00 0.36	4.42%
Florida St Brd Admin Fin Corp Rev Bds 2016a Taxable 2.163% Dtd 03/08/2016 Due 07/01/2019 Callable	55,000.000	54,953.80 55,240.90	1,189.00 396.54	2.16%
Home Depot Inc Sr Gbl Nt 2.00% Dtd 02/12/2016 Due 04/01/2021 Callable	60,000.000	59,495.40 59,878.80	1,200.00 99.99	2.02%
Lloyds Bank PLC Sr Gbl Nt 2.35% Dtd 09/05/2014 Due 09/05/2019 Non-Callable	250,000.000	249,700.00 250,450.00	5,875.00 913.88	2.35%
Morgan Stanley D W Disc Srmtns Sr Nt Flt Var Rate Dtd 11/30/2010 Due 11/30/2019 Non-Callable	50,000.000	49,875.00 49,062.50	2,064.00 349.84	4.14%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - EMERGENCY CAPITAL RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Ohio St Dev Assistance GO Bds 2009b Taxable 6.52% Dtd 06/18/2009 Due 10/01/2028 Prerefunded 10/01/2019 @ 100.000 Callable	45,000.000	45,704.25 45,873.45	2,934.00 244.50	6.42%
Pfizer Inc Sr Nt 5.20% Dtd 08/12/2015 Due 08/12/2020 Non-Callable	100,000.000	103,404.00 104,770.00	5,200.00 1,141.11	5.03%
Small Business Admin Gtd Ln Pool Ctfs 6.30% Dtd 05/12/1999 Due 05/01/2019	737.300	737.31 4,479.01	46.00 65.47	6.30%
Small Business Admin Gtd Ln Pool Ctfs 7.19% Dtd 12/15/1999 Due 12/01/2019	2,247.520	2,257.30 14,771.49	161.00 157.87	7.16%
Small Business Admin Gtd Ln Pool Ctfs 7.59% Dtd 01/12/2000 Due 01/01/2020	3,129.390	3,159.81 8,477.28	237.00 79.19	7.52%
Small Business Admin Gtd Ln Pool Ctfs 4.34% Dtd 03/17/2004 Due 03/01/2024	11,222.030	11,497.31 17,690.99	487.00 112.29	4.24%
Small Business Admin Gtd Ln Pool Ctfs 5.71% Dtd 06/13/2007 Due 06/01/2027	6,093.340	6,404.41 10,480.33	347.00 144.69	5.43%
Small Business Admin Gtd Ln Pool Ctfs 3.31% Dtd 05/13/2009 Due 05/01/2019	1,120.440	1,120.46 1,646.97	37.00 29.26	3.31%
Small Business Admin Gtd Ln Pool Ctfs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020	1,387.380	1,382.44 3,210.97	49.00 0.68	3.59%
Small Business Admin Gtd Ln Pool Ctfs 4.084% Dtd 03/29/2011 Due 03/10/2021	6,928.050	7,059.34 8,273.56	282.00 71.94	4.01%
Starbucks Corp Sr Glbl 2.10% Dtd 02/04/2016 Due 02/04/2021 Callable	60,000.000	59,371.80 59,984.40	1,260.00 304.50	2.12%
Suntrust Bks Inc Sr Glbl 2.50% Dtd 05/01/2014 Due 05/01/2019 Callable	35,000.000	35,000.00 35,026.60	875.00 437.50	2.50%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - EMERGENCY CAPITAL RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable	100,000.000	98,411.00 99,156.46	2,000.00 694.44	2.03%
Toronto Dominion Bank Fr 2.25% Dtd 11/05/2014 Due 11/05/2019 Non-Callable	250,000.000	249,515.00 250,940.00	5,625.00 2,750.00	2.25%
US Treasury Note 1.50% Dtd 05/31/2014 Due 05/31/2019	60,000.000	59,955.00 59,913.88	900.00 375.82	1.50%
US Treasury Note 1.625% Dtd 03/15/2017 Due 03/15/2020	110,000.000	109,256.40 109,668.26	1,787.00 228.29	1.64%
US Treasury Note 2.75% Dtd 09/15/2018 Due 09/15/2021	100,000.000	101,176.00 99,695.31	2,750.00 351.22	2.72%
Western Un Co Cr Sen Sr Glbl 3.35% Dtd 11/22/2013 Due 05/22/2019 Callable	250,000.000	250,067.50 250,760.00	8,375.00 3,698.95	3.35%
Total Fixed Income		\$ 4,924,218.87 \$ 4,992,220.00	125,747.00 31,774.47	2.55%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 4,938,620.40 \$ 5,006,621.53	126,086.00 31,787.95	2.55%
Total Market Value Plus Accruals		\$ 4,970,408.35		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 03/31/19	04/01/19		103.06



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Principal Cash
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Int For March 2019 on 2648.87	04/15/19		12.14
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Int For March 2019 on 3733.20	04/15/19		17.11
Federal Home Loan Bks Cons Bds Step Cpn Dtd 04/27/2017 Due 04/27/2022 Callable Int To 04/27/19 on 120,000	04/29/19		1,380.00
Federal Farm Cr Bks Cons Systemwide Bds 2.83% Dtd 04/18/2018 Due 04/18/2022 Callable Int To 04/18/19 on 100,000	04/18/19		1,415.00
Federal Home Ln Mtg Corp Medium Term Nts 1.625% Dtd 04/27/2017 Due 07/27/2020 Callable Int To 04/27/19 on 40,000	04/29/19		325.00
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable Int To 04/27/19 on 150,000	04/29/19		1,237.50
Federal Home Ln Mtg Corp 2.00% Dtd 04/26/2017 Due 10/26/2021 Callable Int To 04/26/19 on 120,000	04/26/19		1,200.00
Federal Home Ln Mtg Corp 2.00% Dtd 10/12/2017 Due 10/12/2021 Callable Int To 04/12/19 on 100,000	04/12/19		1,000.00
Federal Home Ln Mtg Corp 1.65% Dtd 10/30/2017 Due 10/30/2019 Callable Int To 04/30/19 on 80,000	04/30/19		660.00
Federal Natl Mtg Assn 1.25% Dtd 09/30/2016 Due 09/30/2019 Callable Int To 03/30/19 on 60,000	04/01/19		375.00



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Princlpal Cash
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Int To 04/07/19 on 60,000	04/08/19		412.50
Federal Home Ln Mtg Corp 1.25% Dtd 10/02/2012 Due 10/02/2019 Non-Callable Int To 04/02/19 on 25,000	04/02/19		156.25
Federal Home Ln Mtg Corp Multiclass Mtg Partn Cifs Gtd Ser 2958 Cl Qj 4.00% Dtd 04/01/2005 Due 04/15/2020 IPD14 Int To 04/01/19 on 180.02	04/15/19		0.60
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 Cl A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24 Int To 04/01/19 on 5164.48	04/25/19		18.45
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Int For March 2019 on 12959.47	04/25/19		54.00
Federal Natl Mtg Assn Gtd Passthru CTF Pool #819257 5.000% Dtd 05/01/2005 Due 04/01/2020 IPD24 Int For March 2019 on 4368.15	04/25/19		18.20
Federal Natl Mtg Assn Gtd Passthru CTF Pool #MA0125 4.500% Dtd 06/01/2009 Due 07/01/2019 IPD24 Int For March 2019 on 171.50	04/25/19		0.64
Home Depot Inc Sr Glbl Nt 2.00% Dtd 02/12/2016 Due 04/01/2021 Callable Int To 04/01/19 on 60,000	04/01/19		600.00
Ohio St Dev Assistance GO Bds 2009b Taxable 6.52% Dtd 06/18/2009 Due 10/01/2028 Prerefunded 10/01/2019 @ 100,000 Callable Int To 04/01/19 on 45,000	04/01/19		1,467.00



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Principal Cash
Small Business Admin Gtd Ln Pool Cifs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020 Int To 03/01/19 on 1499.70	04/25/19		6.66
Total Interest Income		\$ 0.00	\$ 10,459.11
Total Income		\$ 0.00	\$ 10,459.11

Disbursement Activity

	Date	Income Cash	Principal Cash
To/For Beneficiary			
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXX6049 Per Verbal Instructions Dtd 4/4/19 ACH Form Dtd 12/20/17	04/04/19		-27,000.00
Total To/For Beneficiary		\$ 0.00	\$ -27,000.00
Fees/Expenses			
Monthly Fee To 03/31/19	04/15/19		-772.43
Total Fees/Expenses		\$ 0.00	\$ -772.43
Total Disbursements		\$ 0.00	\$ -27,772.43

Purchase Activity

	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (10) 04/01/19 To 04/30/19	04/30/19		-17,045.58
Total Purchases		\$ 0.00	\$ -17,045.58



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 04/01/19 To 04/30/19	04/30/19	27,772.43	
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Prin Pmt For March 2019	04/15/19	630.35	-761.95
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Prin Pmt For March 2019	04/15/19	836.25	-785.47
Federal Home Ln Mtg Corp Multiclass Mtg Partn Clfs Gtd Ser 2958 Cl Qj 4.00% Dtd 04/01/2005 Due 04/15/2020 IPD14 Prin Pmt For 04/01/19	04/15/19	73.13	-1,108.19
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 Cl A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24 Prin Pmt For 04/01/19	04/25/19	3,206.91	-1,465.99
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Prin Pmt For March 2019	04/25/19	1,299.29	-507.17
Federal Natl Mtg Assn Gtd Passthru CTF Pool #819257 5.000% Dtd 05/01/2005 Due 04/01/2020 IPD24 Prin Pmt For March 2019	04/25/19	354.97	-171.84
Federal Natl Mtg Assn Gtd Passthru CTF Pool #MA0125 4.500% Dtd 06/01/2009 Due 07/01/2019 IPD24 Prin Pmt For March 2019	04/25/19	73.25	-668.83
Small Business Admin Gtd Ln Pool Clfs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020 Prin Pmt For 03/01/19	04/25/19	112.32	-147.64
Total Sales		\$ 34,358.90	\$ -5,617.08

**WBSD - EMERGENCY CAPITAL RESERVE**

Account Number:

Statement Period:

04/01/19 - 04/30/19

Non-Cash Activity

	Date	Cost
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable Accretion of Discount	04/30/19	119.74
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable Accretion of Discount	04/30/19	14.25
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	04/30/19	16.71
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable Accretion of Discount	04/30/19	91.00
Federal Home Ln Mtg Corp 1.25% Dtd 10/02/2012 Due 10/02/2019 Non-Callable Amortization of Premium	04/02/19	-32.50
Ohio St Dev Assistance GO Bds 2009b Taxable 6.52% Dtd 06/18/2009 Due 10/01/2028 Prerefunded 10/01/2019 @ 100.000 Callable Amortization of Premium	04/01/19	-862.65
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable Accretion of Discount	04/30/19	22.27
Total Non-Cash Transactions		\$ -631.18

SECURITY PRICES CONTAINED IN THIS STATEMENT ARE OBTAINED FROM THE MOST RELIABLE SOURCES AVAILABLE BUT ARE NOT GUARANTEED BY BANK OF THE WEST. QUOTED PRICES MAY NOT EQUAL ACTUAL PRICES BECAUSE OF SECURITY SIZE, MARKET PRICE, TERM AND DEMAND.



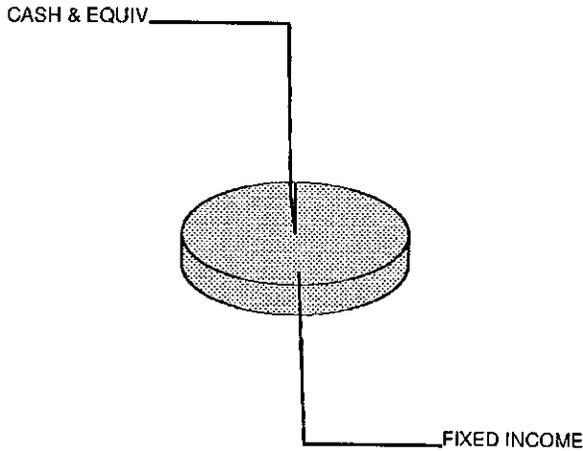
WBSD - CAPITAL PROJECT RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

WEST BAY SANITARY DISTRICT
 ATTN: PHILLIP L. SCOTT
 500 LAUREL STREET
 MENLO PARK CA 94025

Fiduciary
 Chuen Ying Lee
 (408) 645-3234
Portfolio
 Michael D. Smith
 (408) 490-2079

Asset Allocation



Asset Valuation

Description	Market Value	% of Account
Cash & Equiv	9,264.69	0.3%
Fixed Income	2,779,054.08	99.7%
Total Portfolio	\$ 2,788,318.77	100.0%
Accrued Income	15,912.76	
Total Valuation	\$ 2,804,231.53	

Market Reconciliation

Beginning Market Value	Current Period	Year To Date
	\$ 3,373,747.68	\$ 3,638,450.30
Income		
Interest.....	5,901.42	77,752.68
Purchased Income.....	0.00	-1,232.58
Disbursements.....	-178,461.48	-932,302.89
Realized Gains/(Losses).....	-188.99	-25,022.35
Change In Accrued Income.....	-7,092.83	-2,999.21
Change In Market Appreciation/(Depreciation).....	-389,761.05	60,891.30
Non-Cash Asset Changes.....	86.78	-11,305.72
Ending Market Value	\$ 2,804,231.53	\$ 2,804,231.53



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	9,264.690	9,264.69 9,264.69	218.00 43.37	2.36%
Total Cash Equivalents		\$ 9,264.69 \$ 9,264.69	218.00 43.37	2.36%
Fixed Income				
Federal Home Loan Bks Cons Bds Step Cpn Dtd 04/27/2017 Due 04/27/2022 Callable	50,000.000	50,006.50 49,887.50	1,150.00 12.77	2.30%
Federal Home Loan Bks Cons Bds 2.28% Dtd 10/26/2017 Due 10/26/2022 Callable	80,000.000	79,554.40 79,680.00	1,824.00 25.33	2.29%
Federal Home Loan Bks Cons Bds 3.06% Dtd 06/28/2018 Due 06/28/2022 Callable	100,000.000	100,078.00 100,000.00	3,060.00 1,045.50	3.06%
Federal Home Loan Bks Cons Bds 2.375% Dtd 12/30/2013 Due 12/13/2019 Non-Callable	50,000.000	49,983.50 50,619.00	1,187.00 455.20	2.38%
Federal Home Loan Bks Cons Bds 1.625% Dtd 09/30/2016 Due 09/30/2021 Callable	100,000.000	98,340.00 97,096.30	1,625.00 139.93	1.65%
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable	110,000.000	109,272.90 110,000.00	2,310.00 173.25	2.11%
Federal Farm Cr Bks Cons Systemwide Bds 2.03% Dtd 04/19/2017 Due 07/19/2021 Callable	60,000.000	59,629.80 60,000.00	1,218.00 345.09	2.04%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 07/19/2017 Due 07/19/2022 Non-Callable	60,000.000	59,208.00 60,202.20	1,140.00 323.00	1.93%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 08/03/2017 Due 08/03/2022 Non-Callable	60,000.000	59,172.00 60,111.00	1,140.00 278.66	1.93%
Federal Farm Cr Bks Cons Systemwide Bds 2.81% Dtd 06/14/2018 Due 06/14/2021 Callable	100,000.000	100,005.00 100,000.00	2,810.00 1,069.36	2.81%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Farm Cr Bks Cons Systemwide Bds 3.17% Dtd 09/19/2018 Due 09/19/2022 Callable	80,000.000	80,173.60 80,000.00	2,536.00 295.86	3.16%
Federal Farm Cr Bks Cons Systemwide Bds 3.37% Dtd 12/05/2018 Due 12/05/2022 Callable	50,000.000	50,031.00 50,000.00	1,685.00 683.36	3.37%
Federal Home Loan Bks Cons Bds 4.625% Dtd 05/25/2005 Due 06/12/2020 Non-Callable	50,000.000	51,233.50 52,267.50	2,312.00 892.88	4.51%
Federal Home Loan Bks Cons Bds 4.50% Dtd 08/12/2009 Due 09/13/2019 Non-Callable	100,000.000	100,732.00 101,660.00	4,500.00 600.00	4.47%
Federal Home Loan Bks Cons Bds 4.125% Dtd 11/13/2009 Due 12/13/2019 Non-Callable	100,000.000	101,014.00 102,620.00	4,125.00 1,581.24	4.08%
Federal Farm Cr Bks Cons Systemwide Bds 4.75% Dtd 09/21/2005 Due 09/21/2020 Non-Callable	125,000.000	129,096.25 131,215.00	5,937.00 659.72	4.60%
Federal Home Loan Bks Cons Bds 2.875% Dtd 08/27/2010 Due 09/11/2020 Non-Callable	100,000.000	100,670.00 102,111.00	2,875.00 399.30	2.86%
Federal Home Ln Mtg Corp 1.50% Dtd 09/30/2016 Due 03/30/2021 Callable	50,000.000	49,197.00 50,000.00	750.00 64.58	1.52%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	180,000.000	178,059.60 180,000.00	3,150.00 1,058.75	1.77%
Federal Home Ln Mtg Corp 2.10% Dtd 09/29/2017 Due 09/29/2022 Callable	50,000.000	49,632.00 49,875.00	1,050.00 93.33	2.12%
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable	100,000.000	99,268.00 99,049.96	1,650.00 18.33	1.66%
Federal Home Ln Mtg Corp 2.25% Dtd 12/29/2017 Due 12/29/2021 Callable	80,000.000	79,681.60 80,000.00	1,800.00 610.00	2.26%
Federal Home Ln Mtg Corp 3.25% Dtd 06/28/2018 Due 06/28/2023 Callable	60,000.000	60,058.20 59,970.00	1,950.00 666.25	3.25%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Natl Mtg Assn 1.50% Dtd 04/27/2015 Due 06/22/2020 Non-Callable	40,000.000	39,596.80 40,254.00	600.00 215.00	1.52%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	40,000.000	39,489.60 40,239.60	600.00 251.66	1.52%
Federal Natl Mtg Assn 1.875% Dtd 11/16/2015 Due 12/28/2020 Non-Callable	100,000.000	99,301.00 101,266.00	1,875.00 640.62	1.89%
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	60,000.000	59,007.00 59,688.20	825.00 148.95	1.40%
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	60,000.000	58,666.20 59,511.10	825.00 55.00	1.41%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	120,000.000	119,184.00 120,424.80	2,400.00 773.33	2.01%
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable	60,000.000	59,288.40 60,151.80	1,125.00 81.25	1.90%
Federal Natl Mtg Assn 1.55% Dtd 08/28/2012 Due 08/28/2019 Callable	100,000.000	99,702.00 100,190.00	1,550.00 271.25	1.55%
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable	120,000.000	118,263.60 120,000.00	2,160.00 930.00	1.83%
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	120,000.000	120,249.60 122,023.20	2,850.00 855.00	2.37%
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 CI A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24	1,143.500	1,142.03 1,224.98	49.00 4.08	4.29%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24	5,830.080	5,942.83 6,154.38	291.00 24.29	4.91%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Small Business Admin Gtd Ln Pool Cifs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020	5,549.530	5,529.77 5,788.85	198.00 2.75	3.59%
US Treasury Note 1.625% Dtd 03/15/2017 Due 03/15/2020	60,000.000	59,594.40 59,850.61	975.00 124.52	1.64%
Total Fixed Income		\$ 2,779,054.08 \$ 2,803,131.98	68,107.00 15,869.39	2.45%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 2,788,318.77 \$ 2,812,396.67	68,325.00 15,912.76	2.45%
Total Market Value Plus Accruals		\$ 2,804,231.53		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 03/31/19	04/01/19		207.52
Federal Home Loan Bks Cons Bds Step Cpn Dtd 04/27/2017 Due 04/27/2022 Callable Int To 04/27/19 on 50,000	04/29/19		575.00
Federal Home Loan Bks Cons Bds 2.28% Dtd 10/26/2017 Due 10/26/2022 Callable Int To 04/26/19 on 80,000	04/26/19		912.00



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Principal Cash
Federal Home Loan Bks Cons Bds 1.625% Dtd 09/30/2016 Due 09/30/2021 Callable Int To 03/30/19 on 100,000	04/01/19		812.50
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable Int To 04/04/19 on 110,000	04/04/19		1,155.00
Federal Home Ln Mtg Corp 1.50% Dtd 09/30/2016 Due 03/30/2021 Callable Int To 03/30/19 on 50,000	04/01/19		375.00
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable Int To 04/27/19 on 100,000	04/29/19		825.00
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Int To 04/07/19 on 60,000	04/08/19		412.50
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable Int To 04/05/19 on 60,000	04/05/19		562.50
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 Cl A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24 Int To 04/01/19 on 3016.81	04/25/19		10.78
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Int For March 2019 on 6479.73	04/25/19		27.00
Small Business Admin Gtd Ln Pool Ctfs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020 Int To 03/01/19 on 5998.82	04/25/19		26.62
Total Interest Income		\$ 0.00	\$ 5,901.42
Total Income		\$ 0.00	\$ 5,901.42



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Disbursement Activity

	Date	Income Cash	Principal Cash
To/For Beneficiary			
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXX6049 Per Verbal Instructions Dtd 4/4/19 ACH Form Dtd 12/20/17	04/04/19		-178,000.00
Total To/For Beneficiary		\$ 0.00	\$ -178,000.00
Fees/Expenses			
Monthly Fee To 03/31/19	04/15/19		-461.48
Total Fees/Expenses		\$ 0.00	\$ -461.48
Total Disbursements		\$ 0.00	\$ -178,461.48

Purchase Activity

	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (6) 04/01/19 To 04/30/19	04/30/19		-7,718.67
Total Purchases		\$ 0.00	\$ -7,718.67

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 04/01/19 To 04/30/19	04/30/19	177,306.48	
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 CI A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24 Prin Pmt For 04/01/19	04/25/19	1,873.31	-133.47
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Prin Pmt For March 2019	04/25/19	649.65	-36.14



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Small Business Admin Gtd Ln Pool Ctfs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020 Prin Pmt For 03/01/19	04/25/19	449.29	-19.38
Total Sales		\$ 180,278.73	\$ -188.99

Non-Cash Activity

	Date	Cost
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable Accretion of Discount	04/30/19	79.82
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable Accretion of Discount	04/30/19	14.25
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	04/30/19	16.71
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable Amortization of Premium	04/05/19	-24.00
Total Non-Cash Transactions		\$ 86.78

SECURITY PRICES CONTAINED IN THIS STATEMENT ARE OBTAINED FROM THE MOST RELIABLE SOURCES AVAILABLE BUT ARE NOT GUARANTEED BY BANK OF THE WEST. QUOTED PRICES MAY NOT EQUAL ACTUAL PRICES BECAUSE OF SECURITY SIZE, MARKET PRICE, TERM AND DEMAND.



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - OPERATING RESERVE

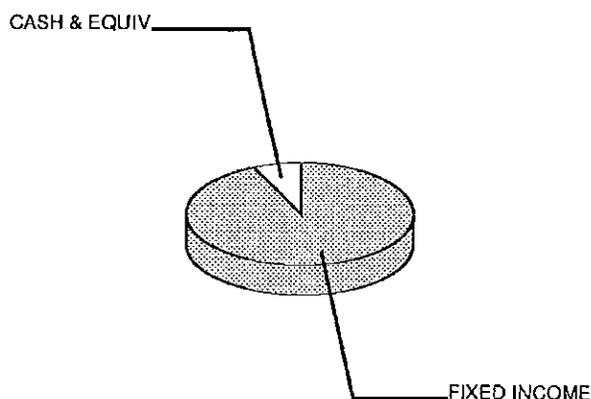
Account Number:
 Statement Period:

04/01/19 - 04/30/19

WEST BAY SANITARY DISTRICT
 ATTN: PHILLIP L. SCOTT
 500 LAUREL STREET
 MENLO PARK CA 94025

Fiduciary
 Chuen Ying Lee
 (408) 645-3234
Portfolio
 Michael D. Smith
 (408) 490-2079

Asset Allocation



Asset Valuation

Description	Market Value	% of Account
Cash & Equiv	519,942.08	6.6%
Fixed Income	7,418,733.12	93.5%
Total Portfolio	\$ 7,938,675.20	100.0%
Accrued Income	45,208.95	
Total Valuation	\$ 7,983,884.15	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 9,145,825.17	\$ 7,931,098.40
Income		
Interest.....	18,705.69	183,185.54
Purchased Income.....	0.00	-7,556.45
Additions.....	0.00	1,435,000.00
Disbursements.....	-464,306.52	-1,639,743.50
Realized Gains/(Losses).....	-590.26	-41,286.09
Change In Accrued Income.....	-21,251.58	3,148.90
Change In Market Appreciation/(Depreciation).....	-695,369.61	143,581.53
Non-Cash Asset Changes.....	871.26	-23,544.18
Ending Market Value	\$ 7,983,884.15	\$ 7,983,884.15

**WBSD - OPERATING RESERVE**Account Number:
Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	519,942.080	519,942.08 519,942.08	12,270.00 491.44	2.36%
Total Cash Equivalents		\$ 519,942.08 \$ 519,942.08	12,270.00 491.44	2.36%
Fixed Income				
Alibaba Group Hldg LTD Sr 144a 2.50% Dtd 11/28/2014 Due 11/28/2019 Callable	200,000.000	199,794.00 198,364.00	5,000.00 2,125.00	2.50%
Atlantic Richfield Co Deb 8.25% Dtd 02/01/1992 Due 02/01/2022 Non-Callable	15,000.000	17,028.60 17,421.15	1,237.00 309.37	7.27%
Capital One Bk USA Natl Assn CTF Dep 1.40% Dtd 09/28/2016 Due 09/28/2020 Non-Callable	100,000.000	98,340.00 100,000.00	1,400.00 130.41	1.42%
Constellation Brands Inc Sr Glbl Nt 2.25% Dtd 11/07/2017 Due 11/06/2020 Callable	75,000.000	74,324.25 74,824.50	1,687.00 820.31	2.27%
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14	2,009.490	2,013.63 2,111.22	110.00 9.21	5.49%
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14	2,962.670	2,967.32 3,125.62	162.00 13.57	5.49%
Federal Home Loan Bks Cons Bds 1.875% Dtd 11/30/2016 Due 11/29/2021 Non-Callable	200,000.000	197,912.00 197,659.61	3,750.00 1,583.33	1.89%
Federal Home Loan Bks Cons Bds 2.28% Dtd 10/26/2017 Due 10/26/2022 Callable	80,000.000	79,554.40 79,680.00	1,824.00 25.33	2.29%
Federal Home Loan Bks Cons Bds 2.00% Dtd 10/30/2017 Due 04/30/2021 Callable	100,000.000	99,242.00 97,788.51	2,000.00 5.55	2.02%
Federal Home Loan Bks Cons Bds 2.50% Dtd 03/15/2018 Due 09/15/2020 Callable	120,000.000	120,024.00 119,910.00	3,000.00 383.33	2.50%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - OPERATING RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Home Loan Bks Cons Bds 3.00% Dtd 09/27/2018 Due 09/27/2021 Callable	40,000.000	40,090.80 40,000.00	1,200.00 113.33	2.99%
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable	140,000.000	139,074.60 140,000.00	2,940.00 220.50	2.11%
Federal Farm Cr Bks Cons Systemwide Bds 2.03% Dtd 04/19/2017 Due 07/19/2021 Callable	40,000.000	39,753.20 40,000.00	812.00 230.06	2.04%
Federal Farm Cr Bks Cons Systemwide Bds 1.97% Dtd 05/17/2017 Due 05/17/2021 Callable	120,000.000	119,184.00 118,338.09	2,364.00 1,076.93	1.98%
Federal Farm Cr Bks Cons Systemwide Bds 1.62% Dtd 09/11/2017 Due 09/11/2020 Callable	180,000.000	178,279.20 178,429.60	2,916.00 405.00	1.64%
Federal Farm Cr Bks Cons Systemwide Bds 2.66% Dtd 07/30/2018 Due 07/30/2020 Callable	125,000.000	125,005.00 124,491.88	3,325.00 840.48	2.66%
Federal Farm Cr Bks Cons Systemwide Bds 3.17% Dtd 09/19/2018 Due 09/19/2022 Callable	50,000.000	50,108.50 50,000.00	1,585.00 184.91	3.16%
Federal Farm Cr Bks Cons Systemwide Bds 3.37% Dtd 12/05/2018 Due 12/05/2022 Callable	150,000.000	150,093.00 150,000.00	5,055.00 2,050.08	3.37%
Federal Home Loan Bks Cons Bds 4.625% Dtd 05/25/2005 Due 06/12/2020 Non-Callable	200,000.000	204,934.00 209,070.00	9,250.00 3,571.52	4.51%
Federal Home Loan Bks Cons Bds 4.50% Dtd 08/12/2009 Due 09/13/2019 Non-Callable	200,000.000	201,464.00 203,130.00	9,000.00 1,200.00	4.47%
Federal Home Loan Bks Cons Bds 4.125% Dtd 11/13/2009 Due 12/13/2019 Non-Callable	200,000.000	202,028.00 205,240.00	8,250.00 3,162.50	4.08%
Federal Farm Cr Bks Cons Systemwide Bds 5.32% Dtd 10/03/2007 Due 09/03/2019 Non-Callable	50,000.000	50,490.50 50,931.50	2,660.00 428.55	5.27%
Federal Home Loan Bks Cons Bds 2.875% Dtd 08/27/2010 Due 09/11/2020 Non-Callable	60,000.000	60,402.00 61,266.60	1,725.00 239.58	2.86%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - OPERATING RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Home Loan Bks Cons Bds 1.75% Dtd 06/03/2013 Due 06/12/2020 Non-Callable	60,000.000	59,599.20 60,208.80	1,050.00 405.41	1.76%
Federal Home Loan Bks Cons Bds 2.00% Dtd 08/12/2013 Due 09/13/2019 Non-Callable	60,000.000	59,902.20 60,249.60	1,200.00 159.99	2.00%
Federal Home Ln Mtg Corp Step Cpn Dtd 09/30/2016 Due 09/30/2021 Callable	200,000.000	197,888.00 199,800.00	2,500.00 215.27	1.26%
Federal Home Ln Mtg Corp 1.50% Dtd 12/30/2016 Due 12/30/2019 Callable	120,000.000	119,182.80 120,000.00	1,800.00 605.00	1.51%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	120,000.000	118,706.40 120,000.00	2,100.00 705.83	1.77%
Federal Home Ln Mtg Corp Medium Term Nts 1.625% Dtd 04/27/2017 Due 07/27/2020 Callable	40,000.000	39,627.20 40,000.00	650.00 7.22	1.64%
Federal Home Ln Mtg Corp 1.60% Dtd 05/15/2017 Due 05/15/2020 Callable	240,000.000	238,099.20 240,000.00	3,840.00 1,770.66	1.61%
Federal Home Ln Mtg Corp 2.00% Dtd 04/26/2017 Due 10/26/2021 Callable	240,000.000	237,861.60 240,000.00	4,800.00 66.66	2.02%
Federal Home Ln Mtg Corp 2.00% Dtd 10/12/2017 Due 10/12/2021 Callable	120,000.000	118,833.60 120,000.00	2,400.00 126.66	2.02%
Federal Home Ln Mtg Corp 2.25% Dtd 12/29/2017 Due 12/29/2021 Callable	120,000.000	119,522.40 120,000.00	2,700.00 915.00	2.26%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	50,000.000	49,362.00 49,693.50	750.00 314.58	1.52%
Federal Natl Mtg Assn 1.875% Dtd 11/16/2015 Due 12/28/2020 Non-Callable	60,000.000	59,580.60 60,759.60	1,125.00 384.37	1.89%
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	90,000.000	88,510.50 89,532.41	1,237.00 223.43	1.40%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - OPERATING RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable	160,000.000	156,849.60 158,950.87	2,000.00 972.22	1.28%
Federal Natl Mtg Assn 1.25% Dtd 09/30/2016 Due 09/30/2019 Callable	400,000.000	398,036.00 399,900.00	5,000.00 430.55	1.26%
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	90,000.000	87,999.30 89,266.75	1,237.00 82.50	1.41%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	270,000.000	268,164.00 268,868.72	5,400.00 1,740.00	2.01%
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable	160,000.000	158,102.40 161,067.20	3,000.00 216.66	1.90%
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable	60,000.000	59,131.80 60,000.00	1,080.00 465.00	1.83%
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	90,000.000	90,187.20 91,517.40	2,137.00 641.25	2.37%
Federal Home Ln Mtg Corp 1.75% Dtd 04/16/2012 Due 05/30/2019 Non-Callable	40,000.000	39,978.00 40,169.60	700.00 293.61	1.75%
Federal Home Ln Mtg Corp 1.25% Dtd 10/02/2012 Due 10/02/2019 Non-Callable	40,000.000	39,797.60 40,052.00	500.00 40.27	1.26%
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable	50,000.000	49,475.00 49,882.56	687.00 343.74	1.39%
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 Cl A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24	1,957.570	1,955.05 2,097.05	83.00 6.99	4.29%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24	12,456.710	12,697.62 13,149.61	622.00 51.90	4.91%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - OPERATING RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Florida St Brd Admin Fin Corp Rev Bds 2016a Taxable 2.163% Dtd 03/08/2016 Due 07/01/2019 Callable	55,000.000	54,953.80 55,240.90	1,189.00 396.54	2.16%
GE Capital Internotes Fr 5.50% Dtd 11/05/2009 Due 11/15/2021 Non-Callable	50,000.000	51,223.00 54,495.50	2,750.00 1,268.05	5.37%
Home Depot Inc Sr Glbl Nt 2.00% Dtd 02/12/2016 Due 04/01/2021 Callable	50,000.000	49,579.50 49,899.00	1,000.00 83.33	2.02%
Keybank National Association Regs Bd 2.50% Dtd 11/24/2014 Due 12/15/2019 Non-Callable	250,000.000	249,700.00 250,490.00	6,250.00 2,361.11	2.50%
Oakland Calif Pension Oblig Taxable Pension Oblig Bd Taxable Zero Cpn Dtd 10/17/2001 Due 12/15/2019 Non-Callable	60,000.000	58,746.60 58,899.14	0.00	0.00%
Philip Morris Intl Inc Sr Nt 4.50% Dtd 03/26/2010 Due 03/26/2020 Non-Callable	80,000.000	81,352.80 81,968.00	3,600.00 350.00	4.43%
Port Morrow Ore Transmission F Rev Bds Taxable 2.737% Dtd 08/26/2015 Due 09/01/2021 Callable	200,000.000	201,218.00 205,450.00	5,474.00 912.33	2.72%
Small Business Admin Gtd Ln Pool Ctfs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020	2,081.060	2,073.65 2,170.81	74.00 1.03	3.59%
Starbucks Corp Sr Glbl 2.10% Dtd 02/04/2016 Due 02/04/2021 Callable	50,000.000	49,476.50 49,987.00	1,050.00 253.75	2.12%
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable	100,000.000	98,411.00 99,156.46	2,000.00 694.44	2.03%
US Treasury Note 1.625% Dtd 11/30/2015 Due 11/30/2020	175,000.000	173,134.50 170,949.77	2,843.00 1,187.50	1.64%
US Treasury Note 2.00% Dtd 07/31/2013 Due 07/31/2020	40,000.000	39,830.00 39,694.76	800.00 198.89	2.01%
US Treasury Note 1.625% Dtd 03/15/2017 Due 03/15/2020	120,000.000	119,188.80 119,701.23	1,950.00 249.04	1.64%



WBSD - OPERATING RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
US Treasury Note 2.75% Dtd 09/15/2018 Due 09/15/2021	100,000.000	101,176.00 99,695.31	2,750.00 351.22	2.72%
United Technologies Corp Sr Gbl 2.30% Dtd 05/04/2017 Due 05/04/2022 Callable	250,000.000	246,107.50 241,197.68	5,750.00 2,827.08	2.34%
Waco Tex Indpt Sch Dist Ref Bds Taxable 4.00% Dtd 12/01/2012 Due 02/15/2020 Non-Callable	270,000.000	272,635.20 277,152.30	10,800.00 2,280.00	3.96%
Wells Fargo & Co New Sr Gbl 2.50% Dtd 03/04/2016 Due 03/04/2021 Non-Callable	250,000.000	248,770.00 248,550.00	6,250.00 989.58	2.51%
Total Fixed Income		\$ 7,418,733.12 \$ 7,461,645.81	174,380.00 44,717.51	2.35%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 7,938,675.20 \$ 7,981,587.89	186,650.00 45,208.95	2.35%
Total Market Value Plus Accruals		\$ 7,983,884.15		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 03/31/19	04/01/19		462.15
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Int For March 2019 on 2637.02	04/15/19		12.09



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - OPERATING RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Principal Cash
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Int For March 2019 on 3817.90	04/15/19		17.50
Federal Home Loan Bks Cons Bds 2.28% Dtd 10/26/2017 Due 10/26/2022 Callable Int To 04/26/19 on 80,000	04/26/19		912.00
Federal Home Loan Bks Cons Bds 2.00% Dtd 10/30/2017 Due 04/30/2021 Callable Int To 04/30/19 on 100,000	04/30/19		1,000.00
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable Int To 04/04/19 on 140,000	04/04/19		1,470.00
Federal Farm Cr Bks Cons Systemwide Bds 3.07% Dtd 10/30/2018 Due 04/30/2021 Callable Int 10/30/18 To 04/30/19 on 250000	04/30/19		3,837.50
Federal Home Ln Mtg Corp Step Cpn Dtd 09/30/2016 Due 09/30/2021 Callable Int To 03/30/19 on 200,000	04/01/19		1,250.00
Federal Home Ln Mtg Corp Medium Term Nts 1.625% Dtd 04/27/2017 Due 07/27/2020 Callable Int To 04/27/19 on 40,000	04/29/19		325.00
Federal Home Ln Mtg Corp 2.00% Dtd 04/26/2017 Due 10/26/2021 Callable Int To 04/26/19 on 240,000	04/26/19		2,400.00
Federal Home Ln Mtg Corp 2.00% Dtd 10/12/2017 Due 10/12/2021 Callable Int To 04/12/19 on 120,000	04/12/19		1,200.00
Federal Natl Mtg Assn 1.25% Dtd 09/30/2016 Due 09/30/2019 Callable Int To 03/30/19 on 400,000	04/01/19		2,500.00



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - OPERATING RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Principal Cash
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Int To 04/07/19 on 90,000	04/08/19		618.75
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable Int To 04/05/19 on 160,000	04/05/19		1,500.00
Federal Home Ln Mtg Corp 1.25% Dtd 10/02/2012 Due 10/02/2019 Non-Callable Int To 04/02/19 on 40,000	04/02/19		250.00
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 Cl A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24 Int To 04/01/19 on 5164.48	04/25/19		18.45
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Int For March 2019 on 13844.76	04/25/19		57.69
Home Depot Inc Sr Gbl Nt 2.00% Dtd 02/12/2016 Due 04/01/2021 Callable Int To 04/01/19 on 50,000	04/01/19		500.00
Medtronic Inc Sr Gbl 2.50% Dtd 03/15/2015 Due 03/15/2020 Callable Interest on Full Call of	04/08/19		364.58
Small Business Admin Gtd Ln Pool Ctfs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020 Int To 03/01/19 on 2249.54	04/25/19		9.98
Total Interest Income		\$ 0.00	\$ 18,705.69
Total Income		\$ 0.00	\$ 18,705.69



WBSD - OPERATING RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Disbursement Activity

To/For Beneficiary	Date	Income Cash	Principal Cash
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXXX6049 Per Verbal Instructions Dtd 4/4/19 ACH Form Dtd 9/13/18	04/04/19		-463,000.00
Total To/For Beneficiary		\$ 0.00	\$ -463,000.00
Fees/Expenses			
Monthly Fee To 03/31/19	04/15/19		-1,306.52
Total Fees/Expenses		\$ 0.00	\$ -1,306.52
Total Disbursements		\$ 0.00	\$ -464,306.52

Purchase Activity

	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (10) 04/01/19 To 04/30/19	04/30/19		-523,481.89
Total Purchases		\$ 0.00	\$ -523,481.89

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 04/01/19 To 04/30/19	04/30/19	462,836.52	
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Prin Pmt For March 2019	04/15/19	627.53	-31.77
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Prin Pmt For March 2019	04/15/19	855.23	-47.04
Federal Farm Cr Bks Cons Systemwide Bds 3.07% Dtd 10/30/2018 Due 04/30/2021 Callable Recd Proceeds on Full Call of 250,000 Par Value	04/30/19	250,000.00	



WBSD - OPERATING RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Federal Natl Mtg Assn Gtd REMIC Passthru Tr REMIC Tr Ser 2009 M1 Cl A2 4.287% Dtd 10/01/2009 Due 07/25/2019 IPD24 Prin Pmt For 04/01/19	04/25/19	3,206.91	-228.49
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Prin Pmt For March 2019	04/25/19	1,388.05	-77.21
Medtronic Inc Sr Glbl 2.50% Dtd 03/15/2015 Due 03/15/2020 Callable Recd Proceeds on Full Call of 250,000 Par Value	04/08/19	250,000.00	-198.48
Small Business Admin Gtd Ln Pool Ctfs #508468 Prime -0.175 Adj Quarterly Dtd 06/01/2008 Due 04/25/2020 Prin Pmt For 03/01/19	04/25/19	168.48	-7.27
Total Sales		\$ 969,082.72	\$ -590.26

Non-Cash Activity

	Date	Cost
Federal Home Loan Bks Cons Bds 2.00% Dtd 10/30/2017 Due 04/30/2021 Callable Accretion of Discount	04/30/19	552.86
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable Accretion of Discount	04/30/19	21.38
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable Accretion of Discount	04/30/19	43.35
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	04/30/19	25.07

**WBSD - OPERATING RESERVE**
Account Number:
Statement Period:

04/01/19 - 04/30/19

Non-Cash Activity

	Date	Cost
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable Accretion of Discount	04/30/19	45.06
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable Amortization of Premium	04/05/19	-172.80
Federal Home Ln Mtg Corp 1.25% Dtd 10/02/2012 Due 10/02/2019 Non-Callable Amortization of Premium	04/02/19	-52.00
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable Accretion of Discount	04/30/19	9.74
Medtronic Inc Sr Gbl 2.50% Dtd 03/15/2015 Due 03/15/2020 Callable Amortization of Premium	04/08/19	-14.02
Oakland Calif Pension Oblig Taxable Pension Oblig Bd Taxable Zero Cpn Dtd 10/17/2001 Due 12/15/2019 Non-Callable Original Issue Discount	04/30/19	146.75
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable Accretion of Discount	04/30/19	22.27
United Technologies Corp Sr Gbl 2.30% Dtd 05/04/2017 Due 05/04/2022 Callable Accretion of Discount	04/30/19	243.60
Total Non-Cash Transactions		\$ 871.26

SECURITY PRICES CONTAINED IN THIS STATEMENT ARE OBTAINED FROM THE MOST RELIABLE SOURCES AVAILABLE BUT ARE NOT GUARANTEED BY BANK OF THE WEST. QUOTED PRICES MAY NOT EQUAL ACTUAL PRICES BECAUSE OF SECURITY SIZE, MARKET PRICE, TERM AND DEMAND.



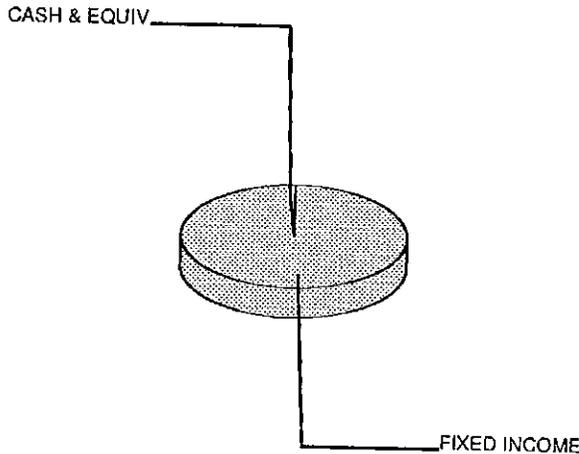
WBSD - RATE STABILIZATION RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

WEST BAY SANITARY DISTRICT
RATE STABILIZATION RESERVE
500 LAUREL STREET
MENLO PARK CA 94025

Fiduciary
Ghuen Ying Lee
(408) 645-3234
Portfolio
Michael D. Smith
(408) 490-2079

Asset Allocation



Asset Valuation

Description	Market Value	% of Account
Cash & Equiv	7,647.27	0.1%
Fixed Income	6,275,175.82	99.9%
Total Portfolio	\$ 6,282,823.09	100.0%
Accrued Income	38,684.64	
Total Valuation	\$ 6,321,507.73	

Market Reconciliation

Beginning Market Value	Current Period \$ 6,600,406.00	Year To Date \$ 5,577,745.28
Income		
Interest.....		
Purchased Income.....	8,268.49	146,296.68
Additions.....	0.00	-4,722.81
Disbursements.....	0.00	1,000,000.00
Realized Gains/(Losses).....	-256,018.05	-423,916.24
Change In Accrued Income.....	-10.15	326.38
Change In Market Appreciation/(Depreciation).....	1,861.55	-10,845.27
Non-Cash Asset Changes.....	-33,233.48	85,387.67
	233.37	-48,763.96
Ending Market Value	\$ 6,321,507.73	\$ 6,321,507.73



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - RATE STABILIZATION RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	7,647.270	7,647.27 7,647.27	180.00 55.99	2.36%
Total Cash Equivalents		\$ 7,647.27 \$ 7,647.27	180.00 55.99	2.36%
Fixed Income				
Arizona Brd Regents Ctfs Partn Ref Cops 2015b Taxable 1.62% Dtd 05/12/2015 Due 06/01/2019 Callable	100,000.000	99,908.00 100,059.00	1,620.00 675.00	1.62%
Federal Home Loan Bks Cons Bds 1.85% Dtd 08/15/2017 Due 08/15/2022 Non-Callable	235,000.000	231,653.60 236,327.75	4,347.00 917.80	1.88%
Federal Home Loan Bks Cons Bds 2.50% Dtd 03/15/2018 Due 09/15/2020 Callable	100,000.000	100,020.00 99,925.00	2,500.00 319.44	2.50%
Federal Home Loan Bks Cons Bds 3.00% Dtd 09/27/2018 Due 09/27/2021 Callable	120,000.000	120,272.40 120,000.00	3,600.00 340.00	2.99%
Federal Home Loan Bks Cons Bds 3.17% Dtd 10/25/2018 Due 10/25/2021 Callable	300,000.000	300,861.00 300,000.00	9,510.00 158.50	3.16%
Federal Farm Cr Bks Cons Systemwide Bds 2.40% Dtd 06/17/2015 Due 06/17/2022 Non-Callable	235,000.000	235,423.00 239,920.90	5,640.00 2,099.33	2.40%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 07/19/2017 Due 07/19/2022 Non-Callable	80,000.000	78,944.00 80,269.60	1,520.00 430.66	1.93%
Federal Farm Cr Bks Cons Systemwide Bds 1.72% Dtd 07/26/2017 Due 07/26/2021 Non-Callable	235,000.000	231,959.10 235,451.20	4,042.00 1,066.63	1.74%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 08/03/2017 Due 08/03/2022 Non-Callable	85,000.000	83,827.00 85,157.25	1,615.00 394.77	1.93%
Federal Farm Cr Bks Cons Systemwide Bds 2.75% Dtd 03/01/2018 Due 09/01/2021 Callable	100,000.000	100,005.00 99,950.00	2,750.00 458.33	2.75%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - RATE STABILIZATION RESERVE

Account Number:

Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Farm Cr Bks Cons Systemwide Bds 2.85% Dtd 03/07/2018 Due 03/07/2022 Callable	80,000.000	80,003.20 80,000.00	2,280.00 341.99	2.85%
Federal Farm Cr Bks Cons Systemwide Bds 3.17% Dtd 09/19/2018 Due 09/19/2022 Callable	170,000.000	170,368.90 170,000.00	5,389.00 628.71	3.16%
Federal Farm Cr Bks Cons Systemwide Bds 3.37% Dtd 12/05/2018 Due 12/05/2022 Callable	100,000.000	100,062.00 100,000.00	3,370.00 1,366.72	3.37%
Federal Home Loan Bks Cons Bds 4.50% Dtd 08/12/2009 Due 09/13/2019 Non-Callable	100,000.000	100,732.00 101,529.00	4,500.00 600.00	4.47%
Federal Home Loan Bks Cons Bds 1.625% Dtd 11/07/2012 Due 12/10/2021 Non-Callable	235,000.000	230,993.25 234,353.75	3,818.00 1,495.67	1.65%
Federal Home Loan Bks Cons Bds 2.00% Dtd 08/12/2013 Due 09/13/2019 Non-Callable	40,000.000	39,934.80 40,166.40	800.00 106.66	2.00%
Federal Home Ln Mtg Corp Step Cpn Dtd 08/25/2016 Due 08/25/2021 Callable	60,000.000	59,410.80 60,000.00	900.00 165.00	1.51%
Federal Home Ln Mtg Corp 1.50% Dtd 09/30/2016 Due 03/30/2021 Callable	90,000.000	88,554.60 90,000.00	1,350.00 116.25	1.52%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	40,000.000	39,568.80 40,000.00	700.00 235.27	1.77%
Federal Home Ln Mtg Corp 1.60% Dtd 05/15/2017 Due 05/15/2020 Callable	40,000.000	39,683.20 40,000.00	640.00 295.11	1.61%
Federal Home Ln Mtg Corp 3.25% Dtd 06/28/2018 Due 06/28/2023 Callable	120,000.000	120,116.40 119,940.00	3,900.00 1,332.49	3.25%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	250,000.000	246,810.00 249,517.50	3,750.00 1,572.91	1.52%
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	235,000.000	231,110.75 233,363.23	3,231.00 583.41	1.40%



WBSD - RATE STABILIZATION RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable	130,000.000	127,440.30 129,071.59	1,625.00 789.93	1.28%
Federal Natl Mtg Assn 1.25% Dtd 08/19/2016 Due 08/17/2021 Non-Callable	130,000.000	127,038.60 128,778.75	1,625.00 334.02	1.28%
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	235,000.000	229,775.95 233,473.53	3,231.00 215.41	1.41%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	235,000.000	233,402.00 237,432.25	4,700.00 1,514.44	2.01%
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable	95,000.000	93,873.30 95,240.35	1,781.00 128.64	1.90%
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable	120,000.000	118,207.20 117,419.95	1,800.00 770.00	1.52%
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	235,000.000	235,488.80 240,029.00	5,581.00 1,674.37	2.37%
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable	200,000.000	197,900.00 199,472.00	2,750.00 1,375.00	1.39%
Federal Home Ln Mtg Corp 1.50% Dtd 01/17/2017 Due 01/17/2020 Non-Callable	250,000.000	248,422.50 250,105.00	3,750.00 1,083.33	1.51%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #466584 3.470% Dtd 11/01/2010 Due 11/01/2020 IPD24	68,128.370	68,985.42 73,152.82	2,364.00 197.00	3.43%
Florida St Brd Admin Fin Corp Rev Bds 2016a Taxable 2.163% Dtd 03/08/2016 Due 07/01/2019 Callable	40,000.000	39,966.40 40,175.20	865.00 288.39	2.16%
Silicon Vy Clean Wtr Calif Was Rev Bds 4.00% Dtd 11/24/2015 Due 08/01/2019 Non-Callable --- 335,000 Restricted ---	335,000.000	337,200.95 340,169.05	13,400.00 3,349.99	3.97%



WBSD - RATE STABILIZATION RESERVE

Account Number:
Statement Period: **04/01/19 - 04/30/19**

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Silicon Vy Clean Wtr Calif Was Rev Bds 5.00% Dtd 11/24/2015 Due 08/01/2020 Non-Callable --- 650,000 Restricted ---	650,000.000	679,399.50 687,414.00	32,500.00 8,125.00	4.78%
Skagit Cnty Wash Sch Dist No 1 GO Bds 2011b Taxable 4.013% Dtd 06/01/2011 Due 12/01/2019 Non-Callable	50,000.000	50,345.50 51,343.00	2,006.00 836.04	3.99%
US Treasury Note 1.625% Dtd 11/30/2015 Due 11/30/2020	300,000.000	296,802.00 293,056.75	4,875.00 2,035.71	1.64%
US Treasury Note 2.75% Dtd 09/15/2018 Due 09/15/2021	60,000.000	60,705.60 59,817.19	1,650.00 210.73	2.72%
Total Fixed Income		\$ 6,275,175.82 \$ 6,332,081.01	156,275.00 38,628.65	2.49%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 6,282,823.09 \$ 6,339,728.28	156,455.00 38,684.64	2.49%
Total Market Value Plus Accruals		\$ 6,321,507.73		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 03/31/19	04/01/19		128.27
Federal Home Loan Bks Cons Bds 3.17% Dtd 10/25/2018 Due 10/25/2021 Callable Int 10/25/18 To 04/25/19 on 300000	04/25/19		4,755.00



WBSD - RATE STABILIZATION RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Prinicipal Cash
Federal Home Ln Mtg Corp 1.50% Dtd 09/30/2016 Due 03/30/2021 Callable Int To 03/30/19 on 90,000	04/01/19		675.00
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Int To 04/07/19 on 235,000	04/08/19		1,615.62
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable Int To 04/05/19 on 95,000	04/05/19		890.62
Federal Natl Mtg Assn Gtd Passthru CTF Pool #466584 3.470% Dtd 11/01/2010 Due 11/01/2020 IPD24 Int For March 2019 on 68266.04	04/25/19		203.98
Total Interest Income		\$ 0.00	\$ 8,268.49
Total Income		\$ 0.00	\$ 8,268.49

Disbursement Activity

	Date	Income Cash	Prinicipal Cash
To/For Beneficiary			
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXXX6049 Per Verbal Instructions Dtd 4/4/19 ACH Form Dtd 9/13/18	04/04/19		-255,000.00
Total To/For Beneficiary		\$ 0.00	\$ -255,000.00
Fees/Expenses			
Monthly Fee To 03/31/19	04/15/19		-1,018.05
Total Fees/Expenses		\$ 0.00	\$ -1,018.05
Total Disbursements		\$ 0.00	\$ -256,018.05



WBSD - RATE STABILIZATION RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Purchase Activity

	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (4) 04/01/19 To 04/30/19	04/30/19		-8,406.16
Total Purchases		\$ 0.00	\$ -8,406.16

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 04/01/19 To 04/30/19	04/30/19	256,018.05	
Federal Natl Mtg Assn Gtd Passthru CTF Pool #466584 3.470% Dtd 11/01/2010 Due 11/01/2020 IPD24 Prin Pmt For March 2019	04/25/19	137.67	-10.15
Total Sales		\$ 256,155.72	\$ -10.15

Non-Cash Activity

	Date	Cost
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable Accretion of Discount	04/30/19	38.36
Federal Natl Mtg Assn 1.25% Dtd 08/19/2016 Due 08/17/2021 Non-Callable Accretion of Discount	04/30/19	44.30
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	04/30/19	52.21
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable Amortization of Premium	04/05/19	-38.00
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable Accretion of Discount	04/30/19	136.50
Total Non-Cash Transactions		\$ 233.37



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - RECYCLED WATER CASH FLOW

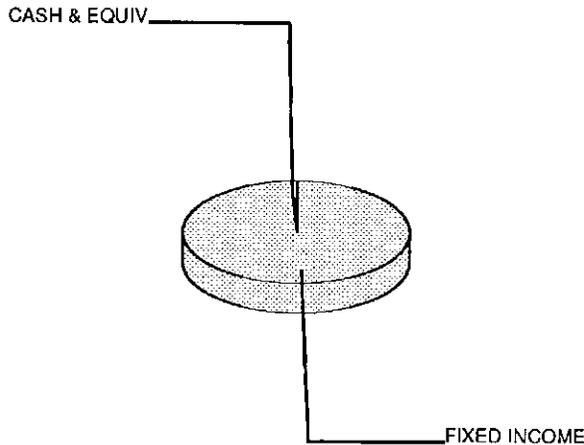
Account Number:
 Statement Period:

04/01/19 - 04/30/19

WEST BAY SANITARY DISTRICT
 RECYCLED WATER CASH FLOW
 500 LAUREL STREET
 MENLO PARK CA 94025

Fiduciary
 Chuen Ying Lee
 (408) 645-3234
Portfolio
 Michael D. Smith
 (408) 490-2079

Asset Allocation



Asset Valuation

Description	Market Value	% of Account
Cash & Equiv	2,230.44	1.0%
Fixed Income	219,442.60	99.0%
Total Portfolio	\$ 221,673.04	100.0%
Accrued Income	634.37	
Total Valuation	\$ 222,307.41	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 221,389.21	\$ 3,899,477.54
Income		
Interest.....	992.56	59,498.97
Disbursements.....	-34.37	-3,706,137.03
Realized Gains/(Losses).....	0.00	-9,952.31
Change In Accrued Income.....	-513.77	-27,586.32
Change In Market Appreciation/(Depreciation).....	473.78	28,430.40
Non-Cash Asset Changes.....	0.00	-21,423.84
Ending Market Value	\$ 222,307.41	\$ 222,307.41



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - RECYCLED WATER CASH FLOW

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	2,230.440	2,230.44 2,230.44	52.00 2.50	2.36%
Total Cash Equivalents		\$ 2,230.44 \$ 2,230.44	52.00 2.50	2.36%
Fixed Income				
Federal Home Ln Mtg Corp 1.65% Dtd 10/30/2017 Due 10/30/2019 Callable	120,000.000	119,517.60 120,000.00	1,980.00 5.50	1.66%
US Treasury Note 1.50% Dtd 05/31/2014 Due 05/31/2019	100,000.000	99,925.00 99,856.47	1,500.00 626.37	1.50%
Total Fixed Income		\$ 219,442.60 \$ 219,856.47	3,480.00 631.87	1.59%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 221,673.04 \$ 222,086.91	3,532.00 634.37	1.59%
Total Market Value Plus Accruals		\$ 222,307.41		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 03/31/19	04/01/19		2.56



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - RECYCLED WATER CASH FLOW

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Principal Cash
Federal Home Ln Mtg Corp 1.65% Dtd 10/30/2017 Due 10/30/2019 Callable Int To 04/30/19 on 120,000	04/30/19		990.00
Total Interest Income		\$ 0.00	\$ 992.56
Total Income		\$ 0.00	\$ 992.56

Disbursement Activity

	Date	Income Cash	Principal Cash
Fees/Expenses			
Monthly Fee To 03/31/19	04/15/19		-34.37
Total Fees/Expenses		\$ 0.00	\$ -34.37
Total Disbursements		\$ 0.00	\$ -34.37

Purchase Activity

	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (2) 04/01/19 To 04/30/19	04/30/19		-992.56
Total Purchases		\$ 0.00	\$ -992.56

Sale Activity

	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (1) 04/01/19 To 04/30/19	04/30/19	34.37	
Total Sales		\$ 34.37	\$ 0.00

SECURITY PRICES CONTAINED IN THIS STATEMENT ARE OBTAINED FROM THE MOST RELIABLE SOURCES AVAILABLE BUT ARE NOT GUARANTEED BY BANK OF THE WEST. QUOTED PRICES MAY NOT EQUAL ACTUAL PRICES BECAUSE OF SECURITY SIZE, MARKET PRICE, TERM AND DEMAND.



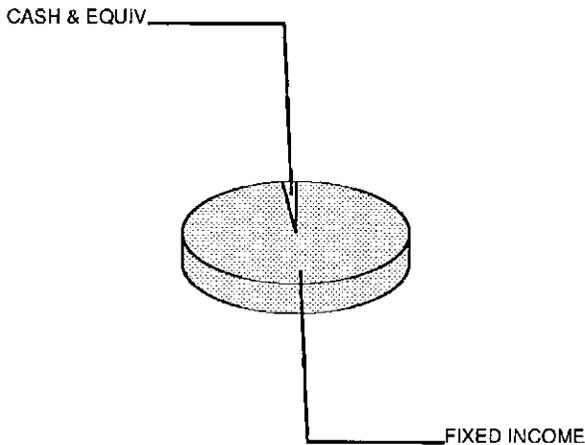
WBSD - RECYCLED WATER SRF RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

WEST BAY SANITARY DISTRICT
RECYCLED WATER SRF RESERVE
500 LAUREL STREET
MENLO PARK CA 94025

Fiduciary
Chuen Ying Lee
(408) 645-3234
Portfolio
Michael D. Smith
(408) 490-2079

Asset Allocation



Asset Valuation

Description	Market Value	% of Account
Cash & Equiv	14,191.15	1.7%
Fixed Income	815,169.32	98.3%
Total Portfolio	\$ 829,360.47	100.0%
Accrued Income	2,868.41	
Total Valuation	\$ 832,228.88	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 826,850.08	\$ 810,212.35
Income		
Interest.....	2,090.22	19,563.75
Purchased Income.....	-315.57	-1,539.01
Disbursements.....	-128.83	-1,224.76
Realized Gains/(Losses).....	0.00	108.00
Change In Accrued Income.....	-3,918.27	5.93
Change In Market Appreciation/(Depreciation).....	7,027.12	4,232.27
Non-Cash Asset Changes.....	624.13	870.35
Ending Market Value	\$ 832,228.88	\$ 832,228.88



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - RECYCLED WATER SRF RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	14,191.150	14,191.15 14,191.15	334.00 548.37	2.36%
Total Cash Equivalents		\$ 14,191.15 \$ 14,191.15	334.00 548.37	2.36%
Fixed Income				
Federal Home Loan Bks Cons Bds 2.00% Dtd 10/30/2017 Due 04/30/2021 Callable	100,000.000	99,242.00 97,788.51	2,000.00 5.55	2.02%
Federal Farm Cr Bks Cons Systemwide Bds 2.84% Dtd 03/20/2018 Due 09/20/2021 Callable	100,000.000	100,004.00 100,000.00	2,840.00 323.44	2.84%
Federal Farm Cr Bks Cons Systemwide Bds 2.71% Dtd 03/29/2018 Due 03/29/2021 Callable	80,000.000	80,004.80 80,000.00	2,168.00 192.71	2.71%
Federal Farm Cr Bks Cons Systemwide Bds 3.65% Dtd 12/21/2010 Due 12/21/2020 Non-Callable	96,000.000	98,027.52 98,038.08	3,504.00 1,265.33	3.57%
Federal Home Ln Mtg Corp 2.70% Dtd 03/26/2018 Due 03/26/2021 Callable	60,000.000	60,022.80 59,925.00	1,620.00 157.50	2.70%
Federal Natl Mtg Assn 1.55% Dtd 10/28/2016 Due 10/28/2021 Callable	80,000.000	78,564.00 77,866.34	1,240.00 10.33	1.58%
US Treasury Note 1.375% Dtd 04/30/2015 Due 04/30/2020	140,000.000	138,587.40 138,578.12	1,925.00 5.23	1.39%
US Treasury Note 2.00% Dtd 09/30/2013 Due 09/30/2020	20,000.000	19,909.00 19,874.21	400.00 33.87	2.01%
US Treasury Note 2.75% Dtd 09/30/2018 Due 09/30/2020	140,000.000	140,807.80 140,754.68	3,850.00 326.08	2.73%
Total Fixed Income		\$ 815,169.32 \$ 812,824.94	19,547.00 2,320.04	2.40%



BANK OF THE WEST
BNP PARIBAS
 WEALTH MANAGEMENT

WBSD - RECYCLED WATER SRF RESERVE

Account Number:
 Statement Period:

04/01/19 - 04/30/19

Asset Position As of 04/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 829,360.47 \$ 827,016.09	19,881.00 2,868.41	2.40%
Total Market Value Plus Accruals		\$ 832,228.88		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 03/31/19	04/01/19		270.22
Federal Home Loan Bks Cons Bds 2.00% Dtd 10/30/2017 Due 04/30/2021 Callable Int To 04/30/19 on 100,000	04/30/19		1,000.00
Federal Natl Mtg Assn 1.55% Dtd 10/28/2016 Due 10/28/2021 Callable Int To 04/28/19 on 80,000	04/29/19		620.00
US Treasury Note 2.00% Dtd 09/30/2013 Due 09/30/2020 Int To 03/31/19 on 20,000	04/01/19		200.00
Total Interest Income		\$ 0.00	\$ 2,090.22



WBSD - RECYCLED WATER SRF RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Income Activity

	Date	Income Cash	Principal Cash
Purchased Income			
US Treasury Note 2.75% Dtd 09/30/2018 Due 09/30/2020 Accrued Int To 04/30/19 Paid on Purchase of 140,000	04/30/19		-315.57
Total Purchased Income		\$ 0.00	\$ -315.57
Total Income		\$ 0.00	\$ 1,774.65

Disbursement Activity

	Date	Income Cash	Principal Cash
Fees/Expenses			
Monthly Fee To 03/31/19	04/15/19		-128.83
Total Fees/Expenses		\$ 0.00	\$ -128.83
Total Disbursements		\$ 0.00	\$ -128.83

Purchase Activity

	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (2) 04/01/19 To 04/30/19	04/30/19		-1,090.22
US Treasury Note 1.375% Dtd 04/30/2015 Due 04/30/2020 Purchased 140000 04/29/19 From Wells Fargo Securities, LLC @ 98.984375	04/30/19		-138,578.12
US Treasury Note 2.75% Dtd 09/30/2018 Due 09/30/2020 Purchased 140000 04/29/19 From Nesbitt Burns Securities @ 100.539062	04/30/19		-140,754.68
Total Purchases		\$ 0.00	\$ -280,423.02



WBSD - RECYCLED WATER SRF RESERVE

Account Number:
Statement Period: 04/01/19 - 04/30/19

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 04/01/19 To 04/30/19	04/30/19	278,777.20	
Total Sales		\$ 278,777.20	\$ 0.00

Non-Cash Activity		
	Date	Cost
Federal Home Loan Bks Cons Bds 2.00% Dtd 10/30/2017 Due 04/30/2021 Callable Accretion of Discount	04/30/19	552.86
Federal Natl Mtg Assn 1.55% Dtd 10/28/2016 Due 10/28/2021 Callable Accretion of Discount	04/30/19	71.27
Total Non-Cash Transactions		\$ 624.13

SECURITY PRICES CONTAINED IN THIS STATEMENT ARE OBTAINED FROM THE MOST RELIABLE SOURCES AVAILABLE BUT ARE NOT GUARANTEED BY BANK OF THE WEST. QUOTED PRICES MAY NOT EQUAL ACTUAL PRICES BECAUSE OF SECURITY SIZE, MARKET PRICE, TERM AND DEMAND.



CALIFORNIA STATE TREASURER FIONA MA, CPA



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
04/08/19	2.44	2.44	181
04/09/19	2.45	2.43	182
04/10/19	2.45	2.43	181
04/11/19	2.45	2.43	181
04/12/19	2.45	2.43	182
04/13/19	2.45	2.44	182
04/14/19	2.45	2.44	182
04/15/19	2.45	2.44	182
04/16/19	2.45	2.44	182
04/17/19	2.45	2.44	181
04/18/19	2.45	2.44	184
04/19/19	2.45	2.44	183
04/20/19	2.45	2.44	183
04/21/19	2.45	2.44	183
04/22/19	2.45	2.44	182
04/23/19	2.45	2.44	181
04/24/19	2.45	2.44	180
04/25/19	2.45	2.44	180
04/26/19	2.45	2.44	183
04/27/19	2.45	2.44	183
04/28/19	2.45	2.44	183
04/29/19	2.45	2.44	180
04/30/19	2.45	2.45	179
05/01/19	2.45	2.45	181
05/02/19	2.45	2.45	183
05/03/19	2.45	2.45	184
05/04/19	2.45	2.45	184
05/05/19	2.45	2.45	184
05/06/19	2.45	2.45	182
05/07/19	2.45	2.45	180
05/08/19	2.45	2.45	181

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

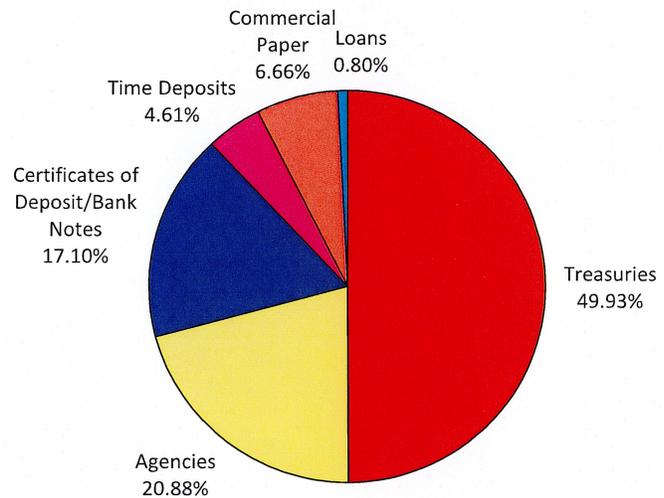
Quarter Ending 03/31/19

Apportionment Rate: 2.55
 Earnings Ratio: 0.00006976322349099
 Fair Value Factor: 1.000146954
 Daily: 2.44%
 Quarter to Date: 2.39%
 Average Life: 179

PMIA Average Monthly Effective Yields

Apr 2019 2.445
 Mar 2019 2.436
 Feb 2019 2.392

Pooled Money Investment Account Portfolio Composition 04/30/19 \$102.7 billion



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 05/08/2019

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5E**

To: Board of Directors

**From: Bill Kitajima, Projects & IT Manager
Jonathan Werness, Engineering Technician**

Subject: Consideration of Resolution Authorizing President and Secretary of the District Board to Enter into Reimbursement Agreement Between TJB Investments LLC and the West Bay Sanitary District

Background

The attached is the reimbursement agreement, which provides for the reimbursement of costs related to the construction of approximately 900 feet of two inch sanitary sewer Grinder system force main constructed along Meadowood Drive by TJB Investments LLC and deeded to the District. This main extension was constructed to serve the property at 185 Meadowood Drive, Portola Valey.

Analysis

The Board had issued the Class 3 Permit No. 1072 at the regular meeting of November 8, 2017 and accepted the facilities at the regular meeting of October 10, 2018.

The work has been completed and has been inspected, tested, and approved by staff as being in conformance with District Standards.

Recommendation

The Projects & IT Manager recommends that the Board authorize the President and Secretary to enter into this agreement.

Attachment: Reimbursement Agreement

RESOLUTION NO. _____ (2019)

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT

COUNTY OF SAN MATEO, STATE OF CALIFORNIA

BE IT RESOLVED: that the President and Secretary of the West Bay Sanitary District be and are hereby authorized to execute the attached Reimbursement Agreement by and between the West Bay Sanitary District, a public agency, and TJB Investments LLC.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 22nd day of May 2019, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the West Bay
Sanitary District of San Mateo County, State of
California

Attest:

Secretary of the District Board of the West Bay
Sanitary District of San Mateo County, State of
California

REIMBURSEMENT AGREEMENT
TJB INVESTMENTS LLC – 185 MEADOWOOD DRIVE,
PORTOLA VALLEY, CA

This Agreement is entered into and shall be effective on the date by which it has been executed by all parties hereto by and between the WEST BAY SANITARY DISTRICT, a public agency, hereinafter referred to as "District" and TJB INVESTMENTS LLC, the other person executing this Agreement, hereinafter referred to as "Developer".

RECITALS

A. Developer pursued and completed development activities on certain real property located in the territory of District and more particularly described in Exhibit "A" attached hereto ("the Real Property") for which it has been necessary for Developer to construct and install, at Developer's expense, certain wastewater collection and transmission facilities (the "Wastewater Facilities") to serve the development. The Wastewater Facilities are more particularly described in Exhibit "B" attached hereto.

B. The Wastewater Facilities are complete and on October 10, 2018, they were accepted by District and are now public property of District. The Wastewater Facilities have the potential to serve and benefit persons in the District in addition to those persons who may occupy the Real Property.

C. Because persons other than those who may occupy the Real Property may be served and benefited by the Wastewater Facilities, Developer has requested that such persons be required to reimburse Developer for their proportionate share of Developer's cost to construct and install the Wastewater Facilities.

D. District has reviewed the costs incurred by Developer and has determined that the total sum of Forty Seven Thousand Five Hundred Dollars and No Cents (\$47,500.00) is eligible for reimbursement pursuant to the following Terms and Conditions of this Agreement.

In consideration of the foregoing Recitals and the following Terms and Conditions, District and Developer agree as follows:

TERMS AND CONDITIONS

1. Supplemental Connection Charge

a. In addition to the usual connection charges imposed by the District upon connection to the District's wastewater system, the District shall endeavor to impose a "Supplemental Connection Charge" for each connection to the Wastewater Facilities by any of the following persons (each of whom is referred to in this Agreement as a "Connector"):

(1) Any person, other than Developer, who makes an initial connection to the Wastewater Facilities;

ORIGINAL REIMBURSEMENT AGREEMENT
TJB INVESTMENTS LLC

(2) Any person, other than Developer, who makes one or more additional connections to the Wastewater Facilities;

(3) Any person, other than Developer, who increases the discharge of wastewater through an existing connection to the Wastewater Facilities if that discharge exceeds the person's authorized discharge entitlement; and

(4) Developer (as allocated in provisions of subparagraph 1.e. below), if Developer either (a) makes one or more additional connections to the Wastewater Facilities, or (b) increases the discharge of wastewater through an existing connection to the Wastewater Facilities so that the resulting discharge exceeds the Developer's authorized discharge entitlement; provided, however, that in either of the foregoing cases, the Supplemental Connection Charge otherwise payable by Developer will be waived if (a) there have been no prior connections to the Wastewater Facilities other than connections made by Developer (as allocated in provisions of subparagraph 1.e. below), and (b) Developer executes an amendment to this Agreement in form and content acceptable to District which makes an appropriate adjustment in the "Cp" factor attributable to Developer.

For purposes of this Agreement, a connection includes both a connection of a building sewer to the Wastewater Facilities and a connection of an upstream sewer extension to the Wastewater Facilities.

b. Subject to the provisions of subparagraph 1.c. below, the amount of the Supplemental Connection Charge payable by each Connector shall be computed in accordance with the following formula:

$$SCC = \frac{ERC \times C_n \times (ENRC/ENRI)}{C_p + C_n}$$

Where:

SCC = The Supplemental Connection Charge to be paid by the new Connector.

ERC = The total eligible reimbursable cost specified in Recital D of this Agreement.

Cp = A factor representing the total wastewater contribution of all previous Connectors to the Wastewater Facilities measured in SFDE pursuant to subparagraph 1.d. below.

Cn = A factor representing the wastewater contribution of the new Connector to the Wastewater Facilities measured in SFDE pursuant to subparagraph 1.d. below.

ENRC = The ENR Construction Cost Index, rounded to the nearest whole number, for the month in which payment of the supplemental connection charge is made by the new connector.

ENRI = The ENR Construction Cost Index for the month in which the Wastewater

Facilities were accepted by the District. ENRI shall be 11183.

c. Under no circumstances shall the amount of the Supplemental Connection Charge payable by a Connector exceed the estimated cost of constructing wastewater facilities from the Connector's property to the point where the Wastewater Facilities constructed by Developer connect to District's system. For this purpose, the estimated cost shall be determined by District.

d. Prior to the approval of a new connection to the Wastewater Facilities, the District Manager shall determine and establish the contribution of wastewater expected to be generated by the new Connector, measured in terms of single family dwelling equivalents ("SFDE"). Each single family dwelling unit shall be assigned a factor of 1 SFDE. All other uses shall be assigned an equivalency factor which is representative of the contribution of wastewater expected to be generated by the particular use. The equivalency factor shall take into account the volume of wastewater flows expected to be produced by the Connector and any other characteristics of the Connector's wastewater which may have an impact on the Wastewater Facilities. However, in no event shall any Connector be assigned an equivalency factor of less than 1 SFDE.

e. For purposes of this Agreement the amount of Cp attributable to Developer's wastewater contribution shall be 1 SFDE. The allocated wastewater contributions shall be as follows:

<u>No.</u>	<u>Party</u>	<u>APN</u>	<u>Location</u>	<u>Allocation</u>
1	TJB Investments LLC	077-290-010	185 Meadowood Dr	1.0 SFDE

Additional supplemental connection charges shall be the responsibility of the individual party who increases the discharge of wastewater to the Wastewater Facilities if that discharge exceeds the person's authorized discharge allocation as noted above.

2. Collection of Supplemental Connection Charges

a. District shall use its best efforts to collect Supplemental Connection charges from all persons who become obligated to pay them. However, District may postpone or waive, in whole or in part, collection of any such charges if, after reasonable notice and hearing, the District Board, in its sole discretion, makes one of the following determinations:

- (1) Acting pursuant to Health and Safety Code Section 6520.6, the District Board determines the amount is too small to justify the cost of collection; or
- (2) The District Board determines that in the interest of the public health, safety and welfare, collection of the amount is not justified; or
- (3) The District Board determines that collection of the amount would pose an undue financial hardship on the new Connector.

If such a determination is made by the District Board, the determination shall be final, binding, and conclusive. Neither Developer, Connectors or any other person shall have a claim against District by reason of District's failure to collect any amount which is the subject

of such a determination and, Developers shall, jointly and severally, indemnify, defend and hold District harmless, with counsel chosen by District in its sole discretion, against any challenge to the District's efforts to collect Supplemental Connection charges from any Connector pursuant to the terms of this Agreement.

b. District's obligation to collect Supplemental Connection Charges shall cease upon the first of the following events to occur:

- (1) The lapse of twenty-five (25) years from the date of District's approval and acceptance of the Wastewater Facilities; or
- (2) At any time District no longer has the legal authority to collect these charges.

c. Nothing in this Agreement shall be interpreted to require District to allow connections to be made to the Wastewater Facilities. Connections may be denied by District under any circumstances as determined by the District in its sole discretion including, but not limited to the following:

- (1) District does not have sufficient capacity to serve the proposed connection(s); or
- (2) District is precluded by law from allowing the connection(s); or
- (3) The proposed connection(s) are not in compliance with established policies and regulations of District.

3. **Reimbursement**

a. For purposes of this paragraph 3, the persons to whom reimbursement shall be made by District are referred to as "Reimbursees."

b. The following persons are Reimbursees and shall be entitled to reimbursement as provided in this paragraph 3:

- (1) Developer (as allocated in provisions of subparagraph 1.e. above); and
- (2) Prior Connectors who have paid Supplemental Connection Charges.

c. Except as provided in subparagraph 3.d. below, as Supplemental Connection Charges are collected from each new Connector for each new connection, District shall credit the account of each Reimbursees with a proportionate share of the charges collected based upon the ratio which each Reimbursees's discharge entitlement, measured in SFDEs, bears to the total of all wastewater discharge entitlements, measured in SFDEs, for all Reimbursees, less District's reasonable administrative cost to make the collection and reimbursement of the Supplemental Connection Charge.

d. In the case of any prior Connector who is a Reimbursees pursuant to subparagraph 3.b. above but who, pursuant to the provisions of subparagraph 2.a. of this Agreement, has

not been required by the District to pay the full Supplemental Connection Charge which otherwise should have been imposed, such a connector shall be entitled to reimbursement, but only to the extent provided in this subparagraph. In calculating such a Connector's reimbursement amount pursuant to subparagraph 3.c. above, the Connector's wastewater discharge entitlement shall be discounted in the same ratio as the amount of the Supplemental Connection Charge actually paid by the Connector bears to the Supplemental Connection Charge which the connector should have paid except for the effect of the provisions of subparagraph 2.a.

e. Payment of amounts credited will be made by District within a reasonable time after Supplemental Connection Charges are collected.

f. In the absence of written instructions in form and substance acceptable to District, District's reimbursement obligations to any Reimbursee shall be deemed fully satisfied upon sending the reimbursement payment(s) to the Developer (as allocated in provisions of subparagraph 1.e. above) and, if applicable, to prior Connectors, who paid the Supplemental Connection Charge to the addresses shown for such persons in District's records. Each Reimbursee shall be responsible to inform the District of any changes. If District becomes aware that a dispute exists regarding the identity of the person to whom the payment is due, District may withhold the payment until the dispute is resolved to District's satisfaction.

A Reimbursee may assign the Reimbursee's reimbursement rights under this Agreement; provided, however, that insofar as District's rights and obligations are concerned, any such assignment shall be effective only if (1) District is provided with evidence, satisfactory to District, of the regularity and authenticity of the assignment and (2) the parties to the assignment have executed and delivered to District instruments in form and substance satisfactory to District which relieve District from any liability or obligation by reason of District's reliance upon and performance of its duties in conformity with the provisions of the assignment.

g. Interest shall not accrue on any funds collected and held for the account of persons pursuant to the provisions of this Agreement, and no person shall have a claim against District for interest on such funds; provided, however, that the provisions of this subparagraph do not preclude application of the interest factor provided for in subparagraph 1.b. above.

4. **Connectors' Approval of Agreement**

As a condition of the District's approval of any connection to the Wastewater Facilities, the District may require a Connector to execute an instrument, in form and substance acceptable to District, which evidences Connector's acknowledgment of the Terms and Conditions of this Agreement and consent to be bound thereby.

5. **Miscellaneous Provisions**

a. This Agreement constitutes the entire understanding and agreement between the parties.

b. This Agreement may not be modified or amended except by a further written agreement executed by all parties who are signatories hereto.

c. This Agreement shall be binding upon and inure to the benefit of the parties, their assigns, personal representatives and successors in interest.

d. At the option of District, the signatures of the persons executing this Agreement on behalf of the parties shall be acknowledged and the Agreement, or an abstract thereof, shall be recorded in the Official Records of San Mateo County.

6. **Execution in Counterparts**

This Agreement may be executed in counterparts each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

DISTRICT: WEST BAY SANITARY DISTRICT

Printed Name: _____

By: _____ **Date:** _____
President of the District Board

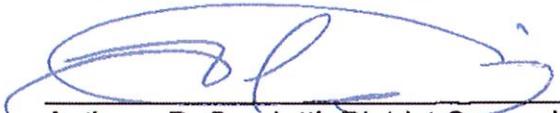
Printed Name: _____

Attest: _____ **Date:** _____
Secretary of the District Board

DEVELOPER: TJB INVESTMENTS LLC

By:  _____ **Date:** 8 May 2019

APPROVED AS TO FORM:



Anthony P. Condotti, District Counsel

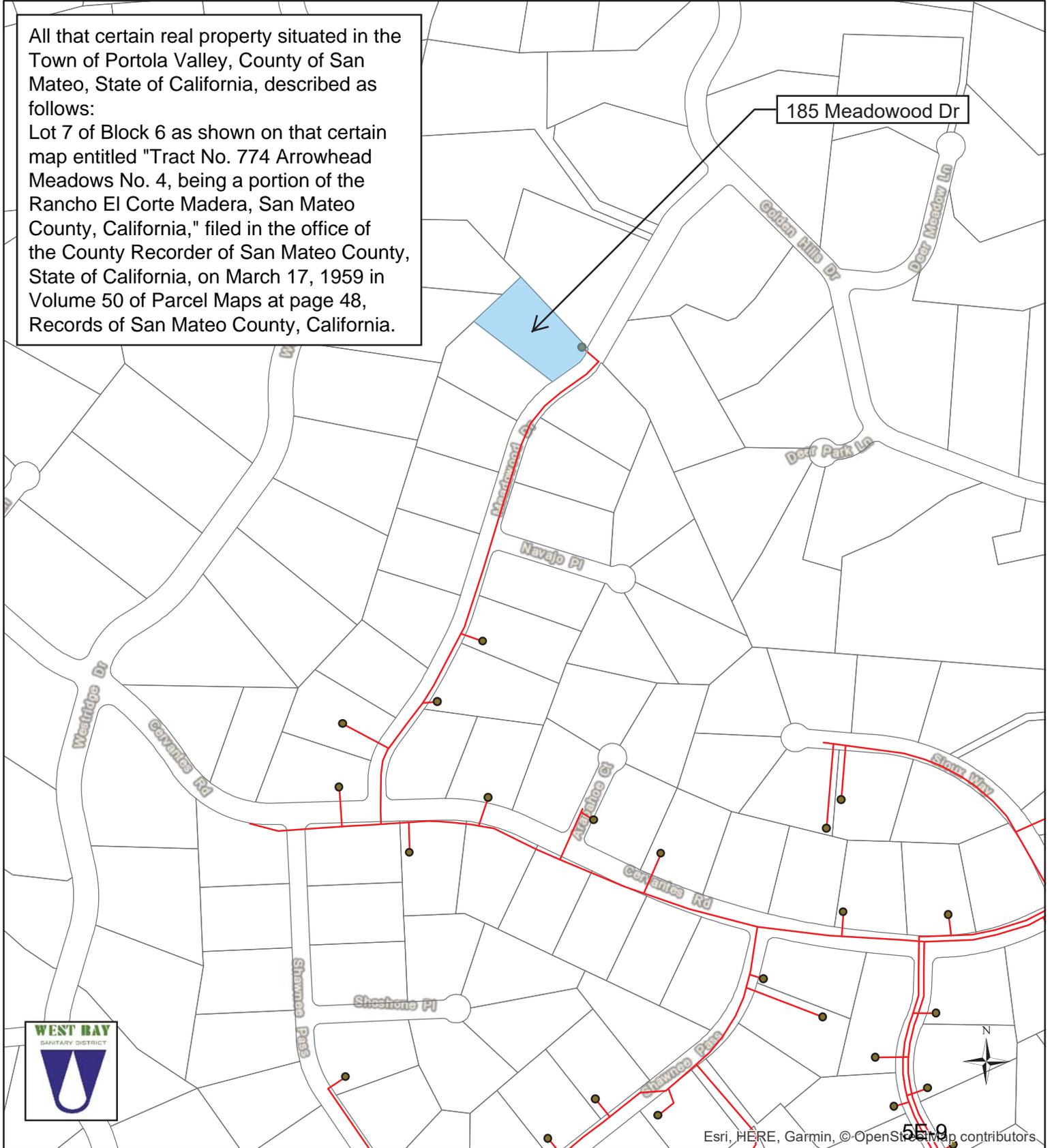
W:\Public Data\Jonathan Warness\Projects_Agreements\TJB Investments RA\TJB Investments LLC_ReimbursementAgreement.doc

**ORIGINAL REIMBURSEMENT AGREEMENT6
TJB INVESTMENTS LLC**

WEST BAY SANITARY DISTRICT
EXHIBIT "A"
185 MEADOWOOD DRIVE
PORTOLA VALLEY, CA
FORCE MAIN EXTENSION

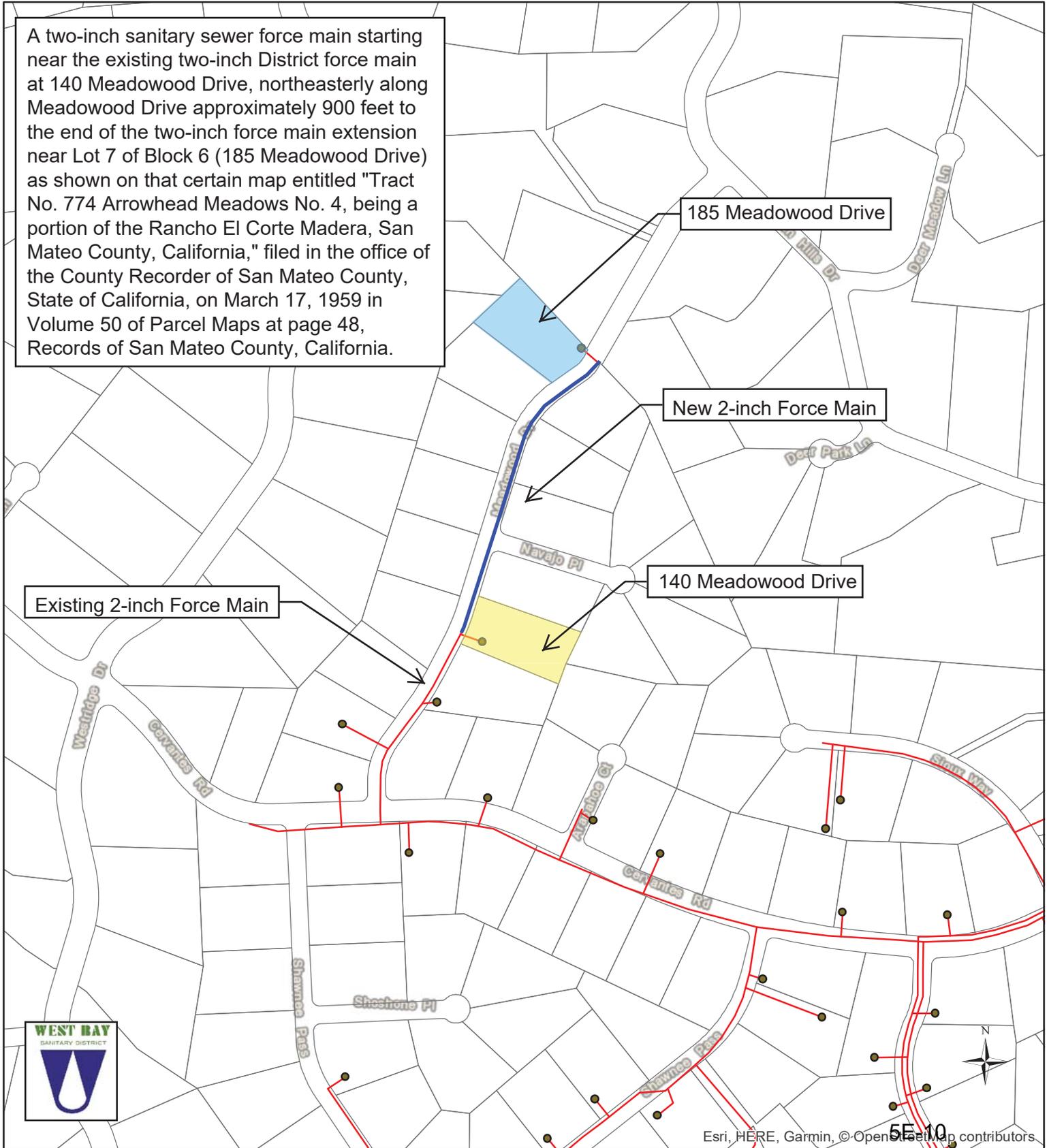
All that certain real property situated in the Town of Portola Valley, County of San Mateo, State of California, described as follows:

Lot 7 of Block 6 as shown on that certain map entitled "Tract No. 774 Arrowhead Meadows No. 4, being a portion of the Rancho El Corte Madera, San Mateo County, California," filed in the office of the County Recorder of San Mateo County, State of California, on March 17, 1959 in Volume 50 of Parcel Maps at page 48, Records of San Mateo County, California.



WEST BAY SANITARY DISTRICT
EXHIBIT "B"
185 MEADOWOOD DRIVE
PORTOLA VALLEY, CA
FORCE MAIN EXTENSION

A two-inch sanitary sewer force main starting near the existing two-inch District force main at 140 Meadowood Drive, northeasterly along Meadowood Drive approximately 900 feet to the end of the two-inch force main extension near Lot 7 of Block 6 (185 Meadowood Drive) as shown on that certain map entitled "Tract No. 774 Arrowhead Meadows No. 4, being a portion of the Rancho El Corte Madera, San Mateo County, California," filed in the office of the County Recorder of San Mateo County, State of California, on March 17, 1959 in Volume 50 of Parcel Maps at page 48, Records of San Mateo County, California.





**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5F**

To: Board of Directors

**From: Bill Kitajima, Projects & IT Manager
Jonathan Werness, Engineering Technician**

**Subject: Consideration of Resolution Accepting Deed of Easement
Pursuant to Class 3 Sewer Permit No. 1064 for the Construction
of Wastewater Facilities for 4111 Alpine Road, Portola Valley,
California**

Background

The District requires an easement to maintain the flow from the Septic Tank Effluent Pump system that serves 4111 Alpine Road. The easement includes ingress and egress to the location of the Grinder Pump system.

Recommendation

The Projects and IT Manager recommends that the Board adopt the attached Resolution accepting the Deed of Easement.

Attachments: Resolution ____ (2019), Grant Deed of Easement

RESOLUTION NO. _____ (2019)

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT

COUNTY OF SAN MATEO, STATE OF CALIFORNIA

BE IT RESOLVED that the President and Secretary of the West Bay Sanitary District be and are hereby authorized to accept the attached Grant Deed of Easement by and between the following parties:

John Urbanowicz Living Trust, John Urbanowicz Trustee

BE IT FURTHER RESOLVED that the District Manager is hereby directed to place the same on record.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 22nd day of May, 2019, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the West
Bay Sanitary District of San Mateo County,
State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

RECORDING REQUESTED BY:
WEST BAY SANITARY DISTRICT

WHEN RECORDED MAIL TO:
WEST BAY SANITARY DISTRICT
500 LAUREL STREET
MENLO PARK, CA 94025

Title Order No. N/A
Escrow No. N/A
Parcel No. 182-34-045

GRANT DEED OF EASEMENT

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

DOCUMENTARY TRANSFER TAX is \$0 CITY TAX is \$0

- computed on the full value of the property conveyed, or
- computed on full value less value of liens or encumbrances remaining at the time of sale,
- this is a conveyance of an easement and the consideration and value is less than \$100, R & T 11911.
- Unincorporated area of Santa Clara County City/Town of _____

FOR NO CONSIDERATION, receipt of which is hereby acknowledged, I / We

JOHN URBANOWICZ LIVING TRUST, JOHN URBANOWICZ TRUSTEE

Hereby GRANTS to:

West Bay Sanitary District, a Public Agency organized and existing under the laws of the State of California,

A perpetual easement to construct, install, maintain, use, repair, remove, replace any and all pipeline, fittings, and related facilities necessary for the operation of a wastewater conveyance system in the area described as follows over the following described real property in the Unincorporated area of Santa Clara County, State of California; more particularly described in Exhibit "A" and "B", attached hereto, and by this reference incorporated herein.

West Bay Sanitary District, its employees and agents shall have the right to enter upon the herein described real property at any and all times with such tools and equipment as may be necessary or convenient for the exercise of the rights herein granted to West Bay Sanitary District.

No building or structure of any kind shall be constructed upon the herein described easement, and should a building or structure be erected in violation of this provision, West Bay and its successors and assigns may still exercise all rights herein granted and shall have the right to remove, or cause grantor to remove, at Grantors expense, any building or structure that may be erected upon or over the said parcel of real property. West Bay Sanitary District shall not be held liable in any manner whatsoever for any damages thereby incurred, nor shall West Bay have any obligation to replace any structure that may be removed from said property.

This grant of easement shall be binding upon and shall inure to the benefit of the respective administrators, executors, personal representatives, successors and assigns of the parties hereto.

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBITS "A" AND "B" MADE A PART HEREOF

Also Known As: 4111 ALPINE RD, PORTOLA VALLEY, CA 94028-8042

Assessor's Parcel Number: 182-34-045

Executed on May 6, 2019, at Menlo Park, CA
(City and State)

JOHN URBANOWICZ
Printed Name

[Signature]
Signature

Executed on _____, _____, at _____
(City and State)

Printed Name

Signature

PLEASE
ACKNOWLEDGE
FROM

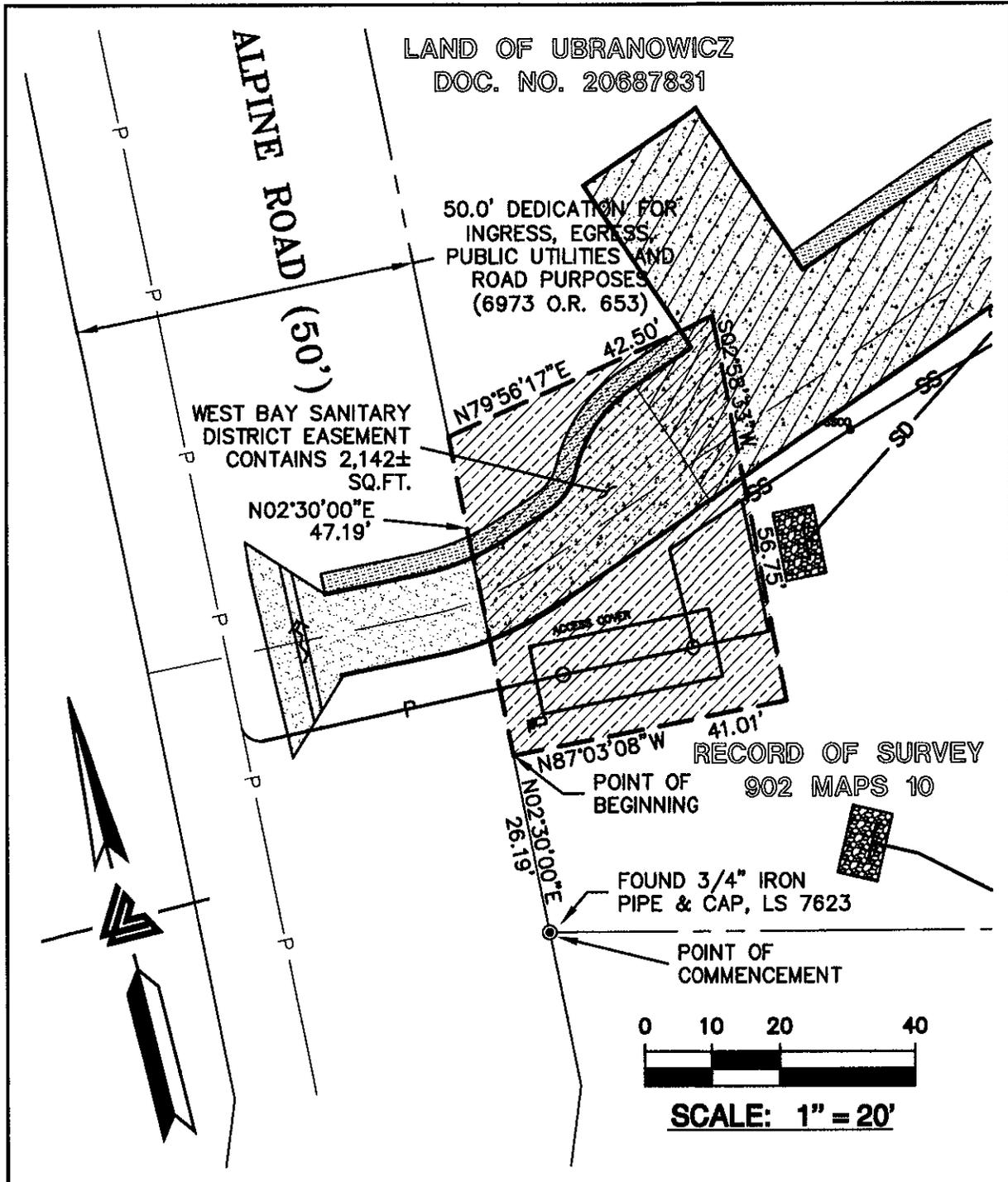
EXHIBIT "A"
LEGAL DESCRIPTION FOR
WEST BAY SANITARY DISTRICT EASEMENT
4111 ALPINE ROAD, SANTA CLARA COUNTY, CA

All that certain real property, situate in unincorporated County of Santa Clara, State of California, being a portion of the Lands of Urbanowicz, as described in that certain Grant Deed recorded on April 23, 2010 as Document Number 20687831, Official Records of Santa Clara County and as shown on that certain Record of Survey filed on February 24, 2017 in Book 902 of Maps, at Page 10, Santa Clara County Records, as shown on Exhibit "B" made a part hereof, more particularly described as follows:

Commencing at a found 3/4" iron pipe and plastic cap, stamped LS 7623 as shown on said Record of Survey at the Southwest corner of said lands, said point being on the easterly right of way of Alpine Road, 50 feet wide, as shown on said map and on the easterly line of a 50 foot wide dedication for ingress, egress, public utilities and roadway purposes per that document recorded May 27, 1965 in Book 6973, Page 653, Official Records of Santa Clara County; thence along said easterly line North 02°30'00" East, 26.19 feet to the **Point of Beginning**; thence continuing North 02°30'00" East, 47.19 feet; thence leaving said line North 79°56'17" East, 42.50 feet; thence South 02°58'33" West, 56.75 feet; thence North 87°03'08" West, 41.01 feet to the said easterly line of Alpine Road and the **Point of Beginning**.

Containing 2,142 square feet, more or less.

END OF DESCRIPTION



LEA & BRAZE ENGINEERING, INC.
CIVIL ENGINEERS • LAND SURVEYORS

BAY AREA REGION 2495 INDUSTRIAL PKWY WEST HAYWARD, CALIFORNIA 94545 (P) (510) 887-4086 (F) (510) 887-3019 WWW.LEABRAZE.COM	SACRAMENTO REGION 3017 DOUGLAS BLVD, # 300 ROSEVILLE, CA 95661 (P) (916) 986-1338 (F) (916) 797-7363
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EXHIBIT "B"
**PLAT TO ACCOMPANY LEGAL
DESCRIPTION FOR WEST BAY SANITARY
DISTRICT EASEMENT**
**4111 ALPINE ROAD, UNINCORPORATED
SANTA CLARA COUNTY**
JOB NO 2161093 SCALE: 1" = 20'

Parcel name: WBSD EASEMENT

North: 9702.2074 East : 5801.1106
Line Course: N 02-30-00 E Length: 47.19
North: 9749.3525 East : 5803.1690
Line Course: N 79-56-17 E Length: 42.50
North: 9756.7777 East : 5845.0153
Line Course: S 02-58-33 W Length: 56.75
North: 9700.1043 East : 5842.0691
Line Course: N 87-03-08 W Length: 41.01
North: 9702.2132 East : 5801.1134

Perimeter: 187.44 Area: 2,142.30 sq.ft. 0.0492 acres

Mapcheck Closure - (Uses listed courses, radii, and deltas)

Error Closure: 0.0065 Course: N 25-41-56 E
Error North: 0.00587 East : 0.00283
Precision 1: 28,838.46

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo

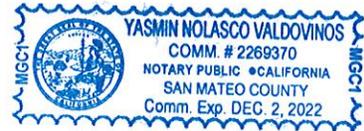
On May 6, 2019 before me, Yasmin Nolasco Valdovinos, Notary Public
(insert name and title of the officer)

personally appeared John Urbanowicz,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



SEE ATTACHED
ACKNOWLEDGEMENT/JURAT
NOTARY PUBLIC

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5G**

To: Board of Directors

**From: Bill Kitajima, Projects & IT Manager
Jonathan Werness, Engineering Technician**

**Subject: Consideration of Resolution Accepting Deed of Easement
Pursuant to Class 3 Sewer Permit No. 1081 for the Construction
of Wastewater Facilities for 191 Meadowood Drive, Portola
Valley, California**

Background

The District requires an easement to maintain the flow from the Grinder Pump system that serves 191 Meadowood Drive. The easement includes ingress and egress to the location of the Grinder Pump system.

Recommendation

The Projects and IT Manager recommends that the Board adopt the attached Resolution accepting the Deed of Easement.

Attachments: Resolution ____ (2019), Grant Deed of Easement

RESOLUTION NO. _____ (2019)

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT

COUNTY OF SAN MATEO, STATE OF CALIFORNIA

BE IT RESOLVED that the President and Secretary of the West Bay Sanitary District be and are hereby authorized to accept the attached Grant Deed of Easement by and between the following parties:

Choi Ono Horn Trust

BE IT FURTHER RESOLVED that the District Manager is hereby directed to place the same on record.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 22nd day of May, 2019, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the West
Bay Sanitary District of San Mateo County,
State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

RECORDING REQUESTED BY:
WEST BAY SANITARY DISTRICT

WHEN RECORDED MAIL TO:
WEST BAY SANITARY DISTRICT
500 LAUREL STREET
MENLO PARK, CA 94025

Title Order No. N/A
Escrow No. N/A
Parcel No.

GRANT DEED OF EASEMENT

THE UNDERSIGNED GRANTOR(S) DECLARE(S):

DOCUMENTARY TRANSFER TAX is \$0 CITY TAX is \$0 DEED TO PUBLIC AGENCY

- computed on the full value of the property conveyed, or
- computed on full value less value of liens or encumbrances remaining at the time of sale,
- this is a conveyance of an easement and the consideration and value is less than \$100, R & T 11911 & R&T 11922.
- Unincorporated area of San Mateo County City/Town of _____

FOR NO CONSIDERATION, receipt of which is hereby acknowledged, I (we)

Choi Ono Horn Trust dated October 9, 1997

Hereby GRANT(S) to:

West Bay Sanitary District, a Public Agency organized and existing under the laws of the State of California,

A perpetual easement to construct, install, maintain, use, repair, remove, replace any and all pipeline, fittings, and related facilities necessary for the operation of a wastewater conveyance system in the area described as follows over the following described real property in the Town of Portola Valley, County of San Mateo, State of California; more particularly described in Exhibit "A" and "B", attached hereto, and by this reference incorporated herein.

West Bay Sanitary District, its employees and agents shall have the right to enter upon the herein described real property at any and all times with such tools and equipment as may be necessary or convenient for the exercise of the rights herein granted to West Bay Sanitary District.

No building or structure of any kind shall be constructed upon the herein described easement, and should a building or structure be erected in violation of this provision, West Bay and its successors and assigns may still exercise all rights herein granted and shall have the right to remove, or cause grantor to remove, at Grantors expense, any building or structure that may be erected upon or over the said parcel of real property. West Bay Sanitary District shall not be held liable in any manner whatsoever for any damages thereby incurred, nor shall West Bay have any obligation to replace any structure that may be removed from said property.

This grant of easement shall be binding upon and shall inure to the benefit of the respective administrators, executors, personal representatives, successors and assigns of the parties hereto.

LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBITS "A" AND "B" MADE A PART HEREOF

Also Known As: **191 Meadowood Dr., Portola Valley, CA 94028**

Assessor's Parcel Number: **077-211-050**

Executed on 22-Apr-19

Menlo Park, CA

(City and State)

George Y. Choi, Trustee

Printed Name

George Y. Choi
Signature

Executed on _____, _____, at _____

(City and State)

Printed Name

Signature(s)

**LEGAL DESCRIPTION
PROPOSED INGRESS/EGRESS AND MAINTENANCE EASEMENT
191 MEADOWOOD DRIVE, PORTOLA VALLEY, CA**

All that certain real property situate in the town of Portola Valley, County of San Mateo, State of California, being a portion of Lot 5, as shown on that certain Map entitled, "Tract 738, Oak Hills", which map was filed for record in the Office of the Recorder of said County and State on August 9, 1956, in Volume 45 of Maps at Pages 40-43, and being more particularly described as follows:

Beginning at a point on the northwesterly right-of-way line of Meadowood Drive as shown on said Map, said point being distant North 29°11'18" East, 18.00 feet from the southerly corner of said Lot;

Thence leaving said right-of-way line North 60°48'42" West, 23.00 feet

Thence North 29°11'18" East, 10.00 feet;

Thence South 60°48'42" East, 23.00 feet to said right-of-way line;

Thence South 29°11'18" West, 10.00 feet to the Point of Beginning.

Containing 230 square feet.

As shown on the plat attached hereto and made a part hereof.

Description prepared by Dains Land Surveying

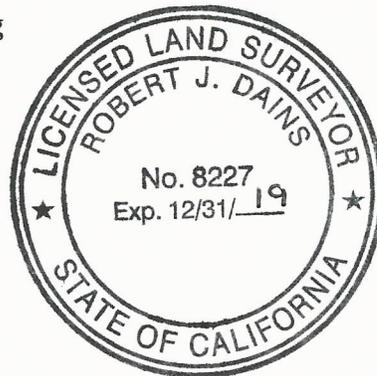


Robert Dains

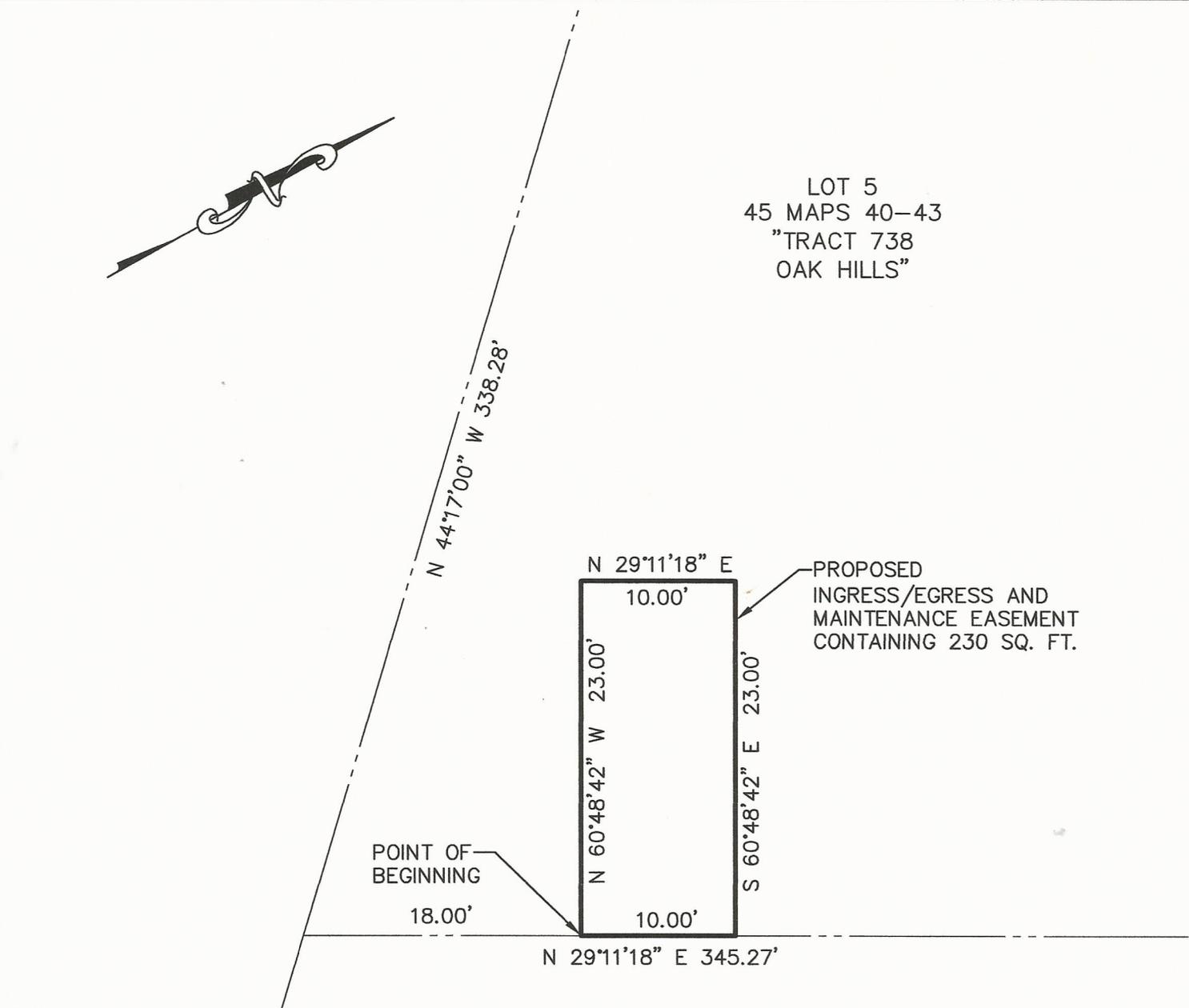
L.S. 8227

May 18, 2018

Date



LOT 5
 45 MAPS 40-43
 "TRACT 738
 OAK HILLS"



PROPOSED
 INGRESS/EGRESS AND
 MAINTENANCE EASEMENT
 CONTAINING 230 SQ. FT.

POINT OF
 BEGINNING
 18.00'

MEADOWOOD DRIVE
 (60' - R/W)



PLAT TO ACCOMPANY LEGAL DESCRIPTION FOR PROPOSED INGRESS/
 EGRESS AND MAINTENANCE EASEMENT - 191 MEADOWOOD DRIVE
 PORTOLA VALLEY SAN MATEO COUNTY CALIFORNIA

PLAT: RJD	SCALE: 1" = 10'	DATE: 05-18-18	JOB #: 18-766
--------------	--------------------	-------------------	------------------

DAINS LAND SURVEYING

rdains@dainslandsurveying.net

(650) 743-0831

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo)

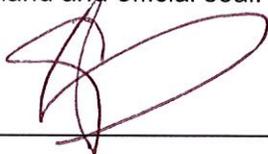
On 5/1/2019 before me, Samantha J. Dippert, Notary Public
(insert name and title of the officer)

personally appeared George Y. Choi,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

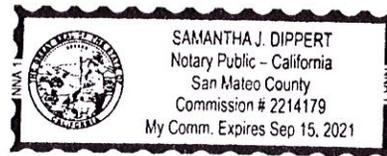
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____



(Seal)





County of San Mateo TRANSFER TAX AFFIDAVIT

DTT AFFIDAVIT

Per San Mateo County Ordinance Code 2.93.050

NOTICE: Any material misrepresentation of fact in this affidavit is a misdemeanor under section 2.93.120 of the San Mateo County real property tax code. Any person who makes such a representation is subject to prosecution for such offense.

This form must accompany any document that requires a Documentary Transfer Tax declaration, including but not limited to; Agreement for Sale; Assignment of Lease; Deed in Lieu of Foreclosure; Easement; Grant Deed; Land Contract; Lease; Memorandum of Lease;

The Assessor-Clerk-Recorder reserves the right to report potentially fraudulent recordings to the District Attorney's Real Estate Fraud Unit.

1. LOCATION OF PROPERTY: Assessor's Parcel Number: 077 - 211 - 050 City: Portola Valley

Street Address: 191 Meadowood Drive, Portola Valley, CA 94028 Document To Be Recorded: EASEMENT

2. IS THIS A FORECLOSURE OR TRUSTEE SALE? Yes No (If yes, complete this section.)

a. Is the transferee the Beneficiary or Mortgagee? Yes No

b. Please provide. Name of Trustee: _____

Date of original Deed of Trust: _____

3. IS THIS A LEASE? Yes No (If yes or no, complete this section.)

a. Is remaining term of lease, including renewal options, greater than 35 years? Yes No

b. If NO, submit a copy of the lease, or summary, or terms.

c. If YES, enter the value of the lease interest on line 9a. (For tax calculations.)

4. IS THIS A GIFT IN WHOLE OR IN PART? Yes No (If yes, give a complete explanation.)

Name of the Donor: _____

Name of the Donee: _____

Please be aware that certain gifts in excess of \$13,000 per calendar year may trigger a Federal Gift Tax. In such cases, the Transferor/Donor may be required to fill out a Form 709 (Federal Gift Tax Return) with the Internal Revenue Service. Please also be aware that the information stated on this document may be given to and used by governmental agencies, including the Internal Revenue Service.

I, as the Transferor/Donor declare under penalty of perjury that I have read the above paragraph and acknowledge that a Federal Gift Tax may be triggered.

Signature of Donor: _____ Print Donor Name: _____ Donor Phone: _____
SIGNATURE ON REVERSE STILL REQUIRED.

5. ARE YOU ADDING OR REMOVING A CO-OWNER FOR REFINANCING PURPOSES? Yes No Initial here: _____
If yes, initial to the right to indicate your agreement with the statement below and sign on reverse.

The proportional ownership interest will revert back to its original holding within one (1) month from the date of recording; otherwise I will pay the applicable transfer tax.

TRANSFER TAX AFFIDAVIT, pg. 2

6. ARE YOU MOVING TITLE INTO OR OUT OF A TRUST? Yes No / Into Out of / Revocable Irrevocable
- a. Name of Trust: _____ b. Date of Trust: _____
- c. Name of Trustor(s): _____
- d. Name(s) of Currently Active Trustee(s): _____
- e. If this transaction changes who is on title or the proportional interest of how title is held, further explanation is required and may require additional time to review.

Attach additional page(s) if necessary.

7. DO YOU CONTEND THAT NO TRANSFER TAX IS DUE FOR A REASON NOT EXPLAINED IN #1-6? Yes No
(If yes, give a complete explanation.)
- a. The nature of the transaction is: DEED OF EASEMENT
- b. The reason (exemption) you claim no tax is due: DEED TO PUBLIC ENTITY

8. IS THIS A TRANSFER BETWEEN LEGAL ENTITIES? Yes No
IF YES, TRANSFERS INVOLVING LEGAL ENTITIES MUST PROVIDE, PREFERABLY ONE (1) WEEK IN ADVANCE, APPLICABLE DOCUMENTATION. SOME EXAMPLES ARE LISTED BELOW. THIS TYPE OF TRANSACTION WILL REQUIRE 1-3 BUSINESS DAYS TO REVIEW.

Entity ownership documentation is required if you are a:

- Corporation**—A copy of the Articles of Incorporation amendments and any other documents showing the shares issued and share ownership; or
- LLC**—A copy of the Operating Agreement, amendments, and any other documentation showing the partners and ownership \percentage; or
- Partnership**— A copy of the Partner Agreement, amendments and any other documents showing the partners and ownership percentage.

For all legal entities, provide the names of individuals and specific percentages held by each individual prior to and following the transfer.

9. TAXABLE TRANSACTIONS: Complete the following and calculate the tax below. Tax is calculated as \$0.55 per \$500 of line 9D. Example, \$100,000 value/\$500 increments = 200. 200 increments x \$0.55 = \$110 in tax due. You may also use \$1.10

- A) Consideration paid or value. \$ _____
- B) Full cash value. Less liens.
- C) If less liens, loan amount assumed. \$ _____
- D) Total consideration or value less liens. (Line A minus line C.) \$ _____
- E) Tax due. \$ N/A

I DECLARE OR AFFIRM UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Are you the Transferee, Transferor, Both, or Representative with full knowledge of foregoing. Signature still required.

<p>Signature of Transferee: _____</p> <p>Address of Transferee: _____</p> <p>Signature of Transferor: <u>George Y. Chou</u></p> <p>Address of Transferor: <u>191 Meadowood Dr. Portola Valley, CA 94028</u></p> <p>Place of Execution: (City, County, State where executed.) <u>Menlo Park, San Mateo, CA</u></p>	<p>Print Name: _____</p> <p>Phone Number of Transferee: _____ ()</p> <p>Print Name: _____</p> <p>Phone Number of Transferor: <u>650 224-8668</u></p> <p>Date of Execution: <u>4/22/19</u></p>
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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5H**

To: *Board of Directors*

From: *Bill Kitajima, Projects & IT Manager
Jonathan Werness, Engineering Technician*

Subject: **Consideration of Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1081 for the Construction of Wastewater Facilities for 191 Meadowood Drive, Portola Valley, California**

Background

This permit was for the construction of a Grinder Pump system and force main extension to serve 191 Meadowood Drive.

The property owner installed a Grinder Pump system on the parcel to be served.

Analysis

The Board issued this Permit at the Regular Meeting of March 28, 2018.

The work has been completed and has been inspected, tested, and approved by staff as being in conformance with District Standards. The property owner has submitted a one-year guarantee for the work in the form of a cash deposit.

Recommendation

The Projects Manager recommends that the Board accepts these facilities and directs the District Manager to approve the Class 3 Permit No. 1081.

Attachments: Class 3 Permit No. 1081
Exhibit A: Site map

WEST BAY SANITARY DISTRICT

500 Laurel Street
Menlo Park, California 94025
(650) 321-0384

Permit Number
No 1081

Type _____

APPLICATION FOR CLASS 3 SEWER PERMIT

To the WEST BAY SANITARY DISTRICT:

The undersigned, being the Owner Owner's Agent of the property located at

191 Meadowood Drive, Portola Valley CA 94028

does hereby request permission to construct sanitary sewers and related facilities to serve a

Residential Non-residential Development at said location.

ENGINEER'S

Hohbach-Lewin

Name

260 Sheridan Ave, Suite 150
Address Palo Alto, CA 94306

CONTRACTOR'S

Millennium Enterprises

Name

14938 Camden Ave, #10 San Jose
Address CA 95124

OWNER'S

George Choi and Michele Ono

Name

191 Meadowood Drive
Address Portola Valley, CA 94028

Michele Ono

Applicant's Signature

Michele Ono

Signed by - Please Print Name

191 Meadowood Drive, Portola
Address Valley CA 94028

Receipt of \$ 545.00 Application Fee is hereby acknowledged 2-Neve 3/2/18

Date

Receipt of \$ 2000.00 Cash deposit or Performance Bond

Comments Grinder Pump

Approved by the District Board on _____

Application approved and permit issued:

WEST BAY SANITARY DISTRICT

Phil Scott, District Manager

Date _____

By _____

Final Acceptance by the District Board on _____

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5I**

To: Board of Directors

**From: Bill Kitajima, Projects & IT Manager
Jonathan Werness, Engineering Technician**

**Subject: Consider Resolution Authorizing the President and Secretary to
Enter into Agreement Creating Covenants Running With the
Land for 35 Sioux Way, Portola Valley**

Background

The attached agreement requires that a property owner, who seeks inclusion in the District's On-Site Wastewater Disposal Zone, shall protect and maintain certain portions of the system to ensure continuity of service.

Analysis

It had been staff's experience that transfer of the property from one owner to another invariably resulted in a failure to maintain the system as previously agreed. The attached Covenants of Agreements Running with the Land ensures that all future owners are required to comply with the District's Code of General Regulations and Specifications.

Fiscal Impact

Property owners have paid all annexation fees and the fiscal impact would be additional sewer service charge revenue to the District once the parcel is connected.

Recommendation

The Projects & IT Manager recommends the Board to approve the Resolution as presented.

Attachments: Resolution _____ (2019)
Covenants Running with the Land

RESOLUTION NO. _____ (2019)

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF “AGREEMENT CREATING COVENANTS RUNNING WITH THE LAND,” BY AND BETWEEN ANDREW VINGIELLO, OWNER OF REAL PROPERTY, AND THE WEST BAY SANITARY DISTRICT

The District Board finds and determines as follows:

- A. The proposed Agreement provides adequate protection for the District’s interests so as to justify the requested action.

Based upon the foregoing findings and determinations,

IT IS RESOLVED by the District Board as follows:

The Agreement is approved and the President and Secretary are authorized and directed to execute the Agreement. The District Manager is directed to record the Agreement in the Official Records of San Mateo County.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 22nd day of May 2019, by the following vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

President of the District Board of the
West Bay Sanitary District of San
Mateo County, State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San
Mateo County, State of California

Recording Requested By:)
)
 WEST BAY SANITARY DISTRICT)
)
 And When Recorded, Mail To:)
)
 West Bay Sanitary District)
 500 Laurel Street)
 Menlo Park, California 94025-3486)
 Attn: District Manager)

(Space above this line for Recorder's Use)

**AGREEMENT CREATING COVENANTS
 RUNNING WITH THE LAND**

Agreement entered into by and between West Bay Sanitary District, a public agency of the State of California ("District") and Andrew Vingiello, owners of the property at 35 Sioux Way, Portola Valley, ("Proponents").

RECITALS

1. Proponents represent that they are the owners of certain real property situated in the Town of Portola Valley, San Mateo County, California, which is commonly known as 35 Sioux Way, and which is more particularly described as follows:

Lot 15 in Block 1, as shown on that certain map entitled "TRACT NO. 774 ARROWHEAD MEADOWS UNIT NO. 4", filed in the office of the County Recorder of said County and State, on MARCH, 1959 in Book 50 of maps at pages 45-48.

Containing an area of 1.09 acres, more or less (the "Real Property").

2. *Proponents' Real Property is developed with a single family residence. The residence is served by a septic tank/leachfield wastewater disposal system that has failed and cannot be repaired. Use of the present system must be discontinued or it is probable that conditions adversely affecting the public health, safety and welfare will develop on the Real Property and, potentially, off-site.*

or

Proponents' Real Property is developed with a single family residence. The residence is served by a septic tank/leachfield wastewater disposal system that is unable to meet current standards.

or

Proponents' Real Property is undeveloped. The proposed residence can not be served by a septic tank/leachfield wastewater disposal system.

3. To maintain wastewater disposal service to the site, Proponents have annexed the Real Property to the District and are seeking service from the District.

4. To obtain District administered wastewater disposal services for the Real Property, Proponents propose to construct certain unconventional wastewater disposal facilities (the "Septic Tank Effluent Pumping (STEP)" / "Grinder Pump System"), _____ linear feet of sanitary sewer force main and to connect to the District's public facilities located in Portola Valley.

5. The STEP/Grinder Pump System to be constructed by Proponents is similar to several other wastewater disposal systems constructed on other properties within the District which also connect to the District's sewer system. These systems differ substantially from traditional gravity sewer systems found elsewhere in the District's service area, and because of these differences, the District is regulating the use and operation of these systems through an On-Site Wastewater Disposal Zone. (See Health & Safety Code Sections 6950 et seq.; "The Zone".)

6. Proponents are willing to accept the stated conditions and they desire to enter into this Agreement with the District to fulfill the intentions of the parties.

TERMS AND CONDITIONS

In consideration of the foregoing Recitals and the following Terms and Conditions, it is mutually agreed by District and Proponents as follows:

1. The Proponents shall construct a new STEP/Grinder Pump System according to the District's Standard Details. All pumping equipment, control equipment, telemetry equipment, pipelines, power and phone lines, etc., are a part of the construction costs to be borne by the proponent. The applicant shall submit information about the location, type and size of all equipment and facilities to the District for review and approval. Final determination of the size, location and equipment used in the construction of the STEP/Grinder Pump System shall be at the sole discretion of the District.

2. The Proponents shall coordinate all inspection and testing with the District. The Proponents shall notify the District 48 hours in advance for inspections and testing. After completion of the initial construction, the Proponents shall guarantee the work for one-year by a maintenance bond or cash deposit for 50% of the work.

3. The Proponents shall supply the District with one extra pump of the same type and size to be installed.

4. A recorded easement on the individual property is required for District access to the STEP/Grinder Pump System for routine maintenance and repair. This easement must meet the requirements of the District's Code of General Regulations, be granted to the District, and must be recorded on the title of the property. The District must have full vehicular access at all times to the areas with wastewater facilities.

5. Any septic tanks to be abandoned shall be abandoned in accordance with County Health requirements and copy of abandonment permit is given to the District.

6. The Proponents and their successor shall be responsible to provide and maintain the following appurtenances:

- (a) A dedicated telephone line.
- (b) Electrical power for the telemetry and grinder system.
- (c) A separate 220 Volt circuit and breaker shall be provided for the STEP/Grinder Pump and shall be labeled in the circuit box as, "Do Not Touch – For STEP/Grinder Pump Use Only."

7. The proponent shall disclose to the District any secondary pumping system and changes to the internal plumbing of the residence prior to any work and connection to the grinder system. The District reserves the right to reject any Proposal/ Design which may impact the ability of the STEP/Grinder System to function effectively or result in excessive maintenance costs. Such determination shall be made at the sole discretion of the District.

8. All costs associated with the correction of the prohibitions referenced in this agreement shall be conducted at the sole cost of the Property Owner. The District shall invoice the Property Owner directly. The charge shall be the actual salary of District employees and equipment for the time necessary for the correction times 1.75, or the actual cost of Contractors Services, times 1.75. Such costs may be charged in addition to penalties authorized by the District's Code of General Regulations.

PROHIBITIONS

In addition to the Prohibitions contained in the District's Code of General Regulations, the following prohibitions shall specifically apply to properties in the District's On-Site Wastewater Disposal Zone:

1. Proponents shall not under any circumstances, change or add any secondary pumping systems without the written consent of the District.
2. Proponents shall not, under any circumstances, allow or permit changes to the infrastructure or equipment of the STEP/Grinder Pumping System without the written consent of the District. Proponents are specifically instructed not to allow disconnection or reconfiguration of telephone and electrical systems.
3. The proponent shall not under any circumstances connect swimming pool, spa, or any storm drains to piping that discharges into the grinder pump unit.

ADHERENCE TO DISTRICT REGULATIONS

With respect to all matters referred to in this Agreement, including the construction of the STEP/Grinder Pump System, its connection to the District's system, the use and operation of the STEP/Grinder Pump System and the use of the District's wastewater facilities, Proponents shall at all times fully comply with all applicable District regulations. Proponents shall operate and maintain the STEP/Grinder Pump System so that at all times it remains in good operating condition and repair. Except to the extent District accepts responsibility for some portion or portions of Proponents' STEP/Grinder Pump System and the systems of other persons similarly situated and for which the District hereafter imposes a uniform system of fees and charges applicable to all such persons, the responsibility, including all costs and expenses, for the construction, use, operation, maintenance, repairs and replacement of the Grinder Pump System shall be borne exclusively by Proponents, and the District shall have no responsibility for such matters whatsoever.

ENFORCEMENT RIGHTS OF DISTRICT

In addition to the rights and remedies established by this Agreement, the District shall have all rights and remedies otherwise afforded under applicable provisions of law to enforce this Agreement, including (a) Proponents' obligation to pay and the District's right to collect fees and charges and (b) District's right to correct violations of District's regulations.

ATTORNEY FEES

In the event of any litigation between the parties to interpret or enforce this Agreement, the prevailing party shall be entitled to recover its attorney fees, court costs and litigation expenses incurred in the litigation.

BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the respective parties, their assigns, beneficiaries, personal representatives and successors in interest.

Executed at Menlo Park, California on the dates set forth.

DISTRICT:

WEST BAY SANITARY DISTRICT
A Public Agency

Printed Name:

By: _____
President of the District Board

Date: _____

Printed Name:

And by: _____
Secretary of the District Board

Date: _____

PROPONENTS:

Printed Name: Brenda Vingiello

By: [Signature] Date: 5/3/19

Printed Name: Andrew Vingiello

By: [Signature] Date: 5/3/19

(Attach Notary Acknowledgement Certificate)

please see attached

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of SAN FRANCISCO)

On 5/3/19 before me, KIMBERLY P WONG, NOTARY PUBLIC
(insert name and title of the officer)

personally appeared ANDREW P. VINGIELLO AND BRENDA A. VINGIELLO,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

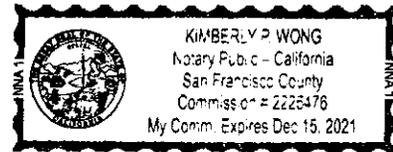
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)



*West Bay Sanitary District
Agreement Creating Covenant
Running with the Land*

5/3/19

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 6**

To: Board of Directors

From: Phil Scott, District Manager

**Subject: Consideration of Adopting Resolution Honoring the Service of
Liz Bahrami to the District**

Background

Liz Bahrami, Accountant has been with the District for nearly 20 years and has decided to join the ranks of the blissfully retired community.

Analysis

Ms. will officially commence her retirement on or after July 24, 2019. Ms. Bahrami has made many contributions to the District with her hard work, integrity, and outstanding knowledge of the job.

Her invaluable contributions have helped West Bay Sanitary District continue to protect the sanitation, health and welfare of the general public.

Fiscal Impact

None

Recommendation

The District Manager and staff recommend that the Board adopt the attached Resolution honoring the service of Ms. Liz Bahrami to the District.

Attachment: Resolution

RESOLUTION NO. _____ (2019)

RESOLUTION HONORING THE SERVICE OF LIZ BAHRAMI TO THE DISTRICT

BE IT RESOLVED BY THE DISTRICT BOARD OF WEST BAY SANITARY DISTRICT, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AS FOLLOWS:

WHEREAS:

Liz Bahrami was employed by the West Bay Sanitary District on the Twenty-Second day of April, in the year Two Thousand Two as the Accountant; and

WHEREAS:

Liz Bahrami faithfully and with honor, integrity and great distinction served as Accountant providing outstanding service and guidance for 17 years; and

WHEREAS:

Liz Bahrami has provided excellent service to the District and made a number of significant contributions to the District; and

WHEREAS:

Liz Bahrami has earned the admiration and respect of her colleagues at the District for her dedication, loyalty, dependability, enthusiasm, professionalism, sense of humor, hard work and kindness, and

WHEREAS:

The District Manager and Staff recommend this public recognition of Ms. Liz Bahrami on the occasion of her retirement; and

WHEREAS:

It is in the public interest and proper public purpose to recognize Liz's contributions and achievements, in that by doing so, the District is promoting the high standards of integrity and dedication that have characterized Liz's service to the District.

NOW THEREFORE BE IT RESOLVED:

That the members of the Board of Directors of the West Bay Sanitary District, San Mateo County, California commends Liz Bahrami for her accomplishments and years of service to the District and expresses sincere gratitude for the invaluable contributions Liz Bahrami has made to the West Bay Sanitary District and to the cause of protecting the sanitation, health and welfare of the general public, and conveys its best wishes for good health and happiness in her retirement on or around July 24, 2019.

BE IT FURTHER RESOLVED:

That this resolution be spread upon the permanent minutes of the Board and that suitably inscribed copies be sent to Ms. Liz Bahrami to share with her family; and to other appropriate officials of the West Bay Sanitary District.

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 22nd day of May, 2019 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the
West Bay Sanitary District of San Mateo County,
State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo County,
State of California

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WEST BAY SANITARY DISTRICT AGENDA ITEM 7

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: *Consideration of Adopting Resolution Honoring the Service of Peggy Daniels to the District*

Background

Peggy Daniels, Senior Administrative Tech, has been with the District for 17 years and has decided to join the ranks of the blissfully retired community.

Analysis

July 19, 2019 will be Ms. Daniels last day at the District and she will officially commence her retirement on July 22, 2019. Ms. Daniels has made many contributions to the District with her hard work, integrity, and outstanding knowledge of the job.

Her invaluable contributions have helped West Bay Sanitary District continue to protect the sanitation, health and welfare of the general public.

Fiscal Impact

None

Recommendation

The District Manager and staff recommend that the Board adopt the attached Resolution honoring the service of Ms. Peggy Daniels to the District.

Attachment: Resolution

RESOLUTION NO. _____ (2019)

RESOLUTION HONORING THE SERVICE OF PEGGY DANIELS TO THE DISTRICT

BE IT RESOLVED BY THE DISTRICT BOARD OF WEST BAY SANITARY DISTRICT, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AS FOLLOWS:

WHEREAS:

Peggy Daniels was employed by the West Bay Sanitary District on the Twenty-Ninth day of March, Two Thousand Two as an Administrative Aide; and

WHEREAS:

Peggy Daniels was promoted to Senior Administrative Tech the Ninth day of July, Two Thousand Eight; and

WHEREAS:

Peggy Daniels has performed her duties for four District Managers; and

WHEREAS:

Peggy Daniels has served as the District's Notary Public since May 19, 2005 and recently earned a perfect score of 100% on the written test; and

WHEREAS:

Peggy plans to keep busy by continuing her charity efforts including the annual "Every Day is a Day of Thanksgiving" at an East Bay church and volunteering with her son to distribute thanksgiving meals, groceries, gently used clothes and other items free of charge to the local community; and

WHEREAS:

Peggy Daniels faithfully and with honor, integrity and great distinction served as Administrative Aide and Senior Administrative Tech providing outstanding service for 17 years; and

WHEREAS:

Peggy Daniels has provided excellent service to the District and made a number of significant contributions to the District; and

WHEREAS:

Peggy Daniels has earned the admiration and respect of her colleagues at the District for her dedication, loyalty, dependability, enthusiasm, professionalism, sense of humor, hard work and kindness, and

WHEREAS:

The District Manager and Staff recommend this public recognition of Peggy Daniels on the occasion of her retirement; and

WHEREAS:

It is in the public interest and proper public purpose to recognize Peggy's contributions and achievements, in that by doing so, the District is promoting the high standards of integrity and dedication that have characterized Peggy's service to the District.

NOW THEREFORE BE IT RESOLVED:

That the members of the Board of Directors of the West Bay Sanitary District, San Mateo County, California commends Peggy Daniels for her accomplishments and years of service to the District and expresses sincere gratitude for the invaluable contributions Ms. Peggy Daniels has made to the West Bay Sanitary District and to the cause of protecting the sanitation, health and welfare of the general public, and conveys its best wishes for good health and happiness in her retirement effective July 22, 2019.

BE IT FURTHER RESOLVED:

That this resolution be spread upon the permanent minutes of the Board and that suitably inscribed copies be sent to Ms. Peggy Daniels to share with her family; and to other appropriate officials of the West Bay Sanitary District.

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 22nd day of May, 2019 by the following vote:

- Ayes:
- Noes:
- Abstain:
- Absent:

President of the District Board of the
West Bay Sanitary District of San Mateo County,
State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo County,
State of California

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WEST BAY SANITARY DISTRICT AGENDA ITEM 8

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: *District Manager's Report*

1) **CIP Project:**

- a. **Belle Haven III:** CIP construction began July 23. 95% complete. Project ran into Whiskey Hill geo-formation which is very poor and runny soil. Reduced scope of project slightly to mitigate costs. Final paving for the project is underway.
- b. **FERRF Metal Storage Building Update:** Modifying design to accommodate for soils report. Submitted to the City.
- c. **Alpine Road Pipeline Replacement Project Update:** Pipeline completed. Began final paving.
- d. **FERRF Levee Project:** Scheduling a meeting with Army Corp and Regional Board to discuss the strip of CMPK land between FERRF and Bay and whether sheet piling will be acceptable.

2) **Affiliate Agency/Association News:**

- a. **Facebook ORTP:** A draft provisional Discharge permit has been written and is being reviewed for Facebook for their Onsite Reuse Treatment Plant. Cannot issue the provisional permit until the State has fully permitted operation of the plant.
- b. **Block Party:** June 12. Staff will have a booth for public outreach and the water truck will be on exhibit.
- c. **State Water Quality Control Board:** The State is proposing changes to the Waste Discharge Permit for Collection Systems and is looking to require Infrastructure Vulnerability Assessments and Climate Action Plans to be included possibly for 2020.

3) **Upcoming Events:**

- a. **Board meetings:** Next mtg: 7 pm, June 12 – where?. June 26, cancel?
- b. **Union Negotiations:** Held Second meeting May 16.

4) **Misc./Action Items from Previous Meeting:**

- a. **SSOs:** Zero SSO for May. 2019 Total = 3.
- b. **10 Coyote Hill, PV:** Geotech firm through F&L Engineering performed soil boring March 29th, to help determine cause of erosion on hillside within District easement, document and develop engineering plan for remediation. Awaiting results.

Report to the District Board for the Regular Meeting of May 22, 2019

Additional information or topics may be introduced by the DM verbally during the Board meeting.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 9**

To: Board of Directors

From: Phil Scott, District Manager

Subject: Discussion and Direction on Recycled Water Projects – Sharon Heights and Bayfront, Including Project Status

A discussion will be held on the Recycled Water Projects – Sharon Heights and Bayfront Facility and other events related to the recycled water project including financing, design/build issues and grant applications. The Board will have opportunity to provide direction to staff and legal counsel.

The following is a disclosure statement required for any document, written report or brochure prepared in whole or in part pursuant to the Finance Agreement with the State Water Resources Control Board for the West Bay Sanitary District Recycled Water Project - Sharon Heights:

Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 10**

To: Board of Directors

From: Phil Scott, District Manager

Subject: Report & Discussion on South Bayside Waste Management Authority (SBWMA)

The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on any pertinent items regarding SBWMA business.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 11**

To: Board of Directors

From: Phil Scott, District Manager

**Subject: Report & Discussion on Silicon Valley Clean Water (SVCW) and
Discussion on SVCW CIP Program and Financing**

The District's representative to Silicon Valley Clean Water (SVCW), George Otte, will report on the regular meeting on May 20, 2019 as well as any pertinent items regarding SVCW operations and CIP.

**COMMISSION OF SILICON VALLEY CLEAN WATER
JOINT POWERS AUTHORITY
REGULAR MEETING – Monday, May 20, 2019
8:00 a.m.**

Place: Pelican Conference Room
Silicon Valley Clean Water
1400 Radio Road, 2nd Floor
Redwood City, California

COMMISSIONERS

COUNCIL MEMBER WARREN LIEBERMAN, PhD., BELMONT – CHAIR
COUNCIL MEMBER ALICIA AGUIRRE, REDWOOD CITY – VICE CHAIR
BOARD MEMBER GEORGE OTTE, P.E., WEST BAY SANITARY DISTRICT – SECRETARY
MAYOR MARK OLBERT, SAN CARLOS – MEMBER

MANAGER: TERESA A. HERRERA

ATTORNEY FOR THE AUTHORITY: CHRISTINE C. FITZGERALD

CONTROLLER: KIMBRA MCCARTHY

TREASURER: MATTHEW ANDERSON

AMERICANS WITH DISABILITIES ACT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact SVCW (650) 591-7121. Notification in advance of the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENT
Any member of the public may address and ask questions of the Chair under this item relating to any matter within the Commission's jurisdiction that does not appear as a separate item on the Agenda. An opportunity will be provided for members of the public to address the Chair and ask questions about any item that is listed on the agenda at the time the

Commission considers the item and before action is taken. If you address the Commission on a non-agenda item, please be aware that the Ralph M. Brown Act (Gov. C. § 54950 et seq.) prohibits the Commission from acting on or discussing such matters at this meeting. Any such item may be referred to staff for a decision with regard to placing it on a future agenda for discussion, action or a report.

5. SAFETY MOMENT and REPORTS

- A. Safety Moment
- B. Manager's Report
- C. Financial Reports
 - 1. Investment Report
- D. Engineering Projects Status Update
- E. Commission Requested Staff-Level Action Items
- F. RESCU Program Design-Build Project Status Update

6. MATTERS OF COMMISSION MEMBER'S INTEREST

7. CONSIDERATION OF MOTION APPROVING CONSENT CALENDAR

8. BUSINESS ITEMS

A. CONSIDERATION OF RESOLUTION TO APPROVE CONTRACT CHANGE ORDERS TO TWO RESCU PROJECTS: GRAVITY PIPELINE AND FRONT OF PLANT

Proposed Action:

Move adoption of RESOLUTION AUTHORIZING THE SILICON VALLEY CLEAN WATER MANAGER TO APPROVE CONTRACT CHANGE ORDERS FOR GRAVITY PIPELINE PROJECT AND FRONT OF PLANT PROJECT IN AN AMOUNT NOT TO EXCEED \$800,000 SUBJECT TO CONFIRMATION OF ACTUAL COSTS UPON PROJECTS' COMPLETIONS

B. CONSIDERATION OF RESOLUTION AND MOTIONS AUTHORIZING SVCW TO ENTER INTO THE WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (WIFIA) LOAN AND ISSUE 2019 WASTEWATER REVENUE NOTES

Proposed Actions:

- i. Move adoption of RESOLUTION OF THE COMMISSION OF SILICON VALLEY CLEAN WATER AUTHORIZING THE EXECUTION AND DELIVERY OF A WIFIA LOAN AGREEMENT, THE ISSUANCE OF CERTAIN INTERIM FINANCING AND CERTAIN DOCUMENTS AND OTHER MATTERS IN CONNECTION THEREWITH

- ii. Move approval of WIFIA REVIEW SERVICES IN AN AMOUNT NOT TO EXCEED \$350,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
- iii. Move approval of ADDITIONAL FUNDS FOR WIFIA LEGAL SERVICES IN AN AMOUNT NOT TO EXCEED \$50,000 AND AUTHORIZE MANAGER TO APPROVE UP TO TEN PERCENT CONTINGENCY FOR ADDITIONAL WORK ON AN AS-NEEDED BASIS – STRADLING YOCCA CARLSON & RAUTH, P.C.

9. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code §54956.9(d)(1)

Case Name: *In the Matter of the Calculation of Final Compensation of David A. Hall, Respondent, and Silicon Valley Clean Water, Respondent* (Board of Administration, California Public Employees' Retirement System, Agency Case No. 2015-1236 OAH NO. 2016030664; Court of Appeal Case Number A155943 (SI065-005))

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code §54956.9(d)(1)

Case Name: Board of Administration, California Public Employees' Retirement System, *In the Matter of the Appeal Regarding the Uniform Allowance of Silicon Valley Clean Water* (Agency Case No. 2016-0818; OAH Case No. 2017070696)

C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9 (One Potential Case)

10. RECONVENE IN OPEN SESSION – Announce action taken in Closed Session, if any.

11. ADJOURN

CONSENT CALENDAR

NOTICE TO PUBLIC

All matters listed under CONSENT CALENDAR are considered to be routine. There may be discussion on items on the CONSENT CALENDAR. All items will be enacted by one motion with a roll call vote unless members of the Commission, staff, or public request specific items be removed from the CONSENT CALENDAR for separate action.

- 7. A. APPROVAL OF MINUTES – April 15, 2019 Meeting
- B. CONSIDERATION OF MOTION APPROVING CLAIMS AND CHECKS DATED APRIL 5, 2019, APRIL 19, 2019, AND MAY 1, 2019 AND NECESSARY PAYMENTS THROUGH MAY 1, 2019
- C. CONSIDERATION OF RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING WITH CITY OF REDWOOD CITY FOR PUBLIC RELATIONS SERVICES

Proposed Action:

Move adoption of RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING WITH CITY OF REDWOOD CITY FOR PROFESSIONAL PUBLIC RELATIONS SERVICES AND AUTHORIZING MANAGER TO EXECUTE SAID MEMORANDUM OF UNDERSTANDING

- D. CONSIDERATION OF RESOLUTION APPROVING MASTER SERVICES AGREEMENT WITH PFM ASSET MANAGEMENT LLC FOR INVESTMENT ADVISORY SERVICES

Proposed Action:

Move adoption of RESOLUTION AUTHORIZING EXECUTION OF A MASTER SERVICES AGREEMENT FOR INVESTMENT ADVISORY SERVICES – PFM ASSET MANAGEMENT, LLC

- E. CONSIDERATION OF RESOLUTION ADOPTING THE UPDATED SVCW SEWER SYSTEM MANAGEMENT PLAN (SSMP)

Proposed Action

Move adoption of RESOLUTION APPROVING AND ADOPTING THE UPDATED SVCW SANITARY SEWER MANAGEMENT PLAN AND AUTHORIZING THE SVCW MANAGER TO RE-CERTIFY THE SAME

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 13**

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: *Discussion on FY 2019-20 Proposed Budget*

The District Board and District Manager will discuss the FY 2019-20 proposed budget.

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WEST BAY SANITARY DISTRICT AGENDA ITEM 14

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: *Consideration to Approve Reorganization of Office Administration and Accept Classification, Compensation and Job Description for Personnel and Accounting Specialist*

Background

The District Board provided direction to the District Manager to reorganize the office administration in light of the announced retirement of the Sr. Admin Tech position to meet the current needs of the District by adding accounting duties and if possible without adding personnel.

Analysis

Staff developed a plan to replace the current Senior Admin Tech position with an elevated administration position that would allow for the removal of some of the routine but time consuming duties related to recruitment and add some duties related to accounting. This will provide relief to the Finance Manager in performing some of the less complex but routine and time consuming accounting duties and concentrate on more complex finance matters related to bonds, recycled water and investment management. A few duties were discovered to be better performed by the Office and Communication Manager as he serves as the de facto Board Clerk.

CPS HR Services was called on to help develop a title, job description and compensation study for the new position of Personnel and Accounting Specialist.

The title is proposed to indicate the multi-discipline nature of the position and the job description has been developed to provide the needed duties for the administration of the District Office. The base compensation recommended was based on comparable positions from Districts and agencies in the Bay Area; two a little smaller, one the same size and two larger than West Bay Sanitary District. The DM has recommended a base salary with a slightly lower starting salary than recommended in the study to allow for greater flexibility in recruitment.

The DM believes this reorganization plan meets all the Board objectives of improving the efficient operation of the office administration, providing for some less complex

accounting duties to be performed by someone other than the Finance Manager, and avoiding the addition of FTE's and is seeking approval of the reorganization plan and direction to begin recruitment as soon as possible to allow for training and transfer of knowledge prior to the retirement of the current position.

Attached is the classification and compensation study.

Fiscal Impact

The DM's recommended salary range is \$6200 to \$8091 per month. This would be an increase in office administration salaries of \$390/month.

Recommendation

The District Manager recommends the Board approve the reorganization of office administration and accept the Classification, Compensation and Job Description for the Personnel and Accounting Specialist position.

Attachments: Comp and Class Study, redline Org Chart.

West Bay Sanitary District

Senior Administrative Technician Classification and Base Salary Compensation Report

May 15, 2019

SUBMITTED BY:

Karen Rodriguez

Senior Consultant, Recruitment Solutions

CPS HR Consulting

2450 Del Paso Road

Sacramento, CA 95834

t: 916-471-3348

Tax ID: 68-0067209

www.cps hr.us



Your Path to Performance

Introduction

CPS HR Consulting (CPS HR) was retained by West Bay Sanitary District (District) to create a single position to replace the Senior Administrative Technician classification that will be vacant in the upcoming weeks. The District sought to update the position's responsibilities and include additional accounting responsibilities related to Human Resources (HR); create an updated job description to include a new recommended title, if appropriate; and recommend a new base salary. The revised job description reflects the HR related duties and the accounting related responsibilities; as well as the requisite knowledge, skills, and abilities for these duties. The position is recommended to be retitled to a Personnel and Accounting Specialist. Utilizing the newly created Personnel and Accounting Specialist job description, CPS HR conducted a base salary compensation study of comparable classifications in the local labor market to recommend a salary range.

This report outlines the project scope and work plan, the methodologies utilized in data collection and analysis, and the labor market base salary compensation results.

Project Scope and Work Plan

The following tasks were completed for the present study:

- CPS HR Project Manager and Senior Consultant reviewed background materials provided by the District, which included an organization chart, the Senior Administrative Technician job description/classification specification, similar classification specifications in the labor market, and the District's salary schedule.
- CPS HR Senior Consultant prepared a pre-populated position description questionnaire (PDQ) for the proposed duties using the information provided by the district. The Office and Communications Manager completed the position description questionnaire (PDQ) and returned it to CPS HR Consulting.
- CPS HR Senior Consultant met with the District Manager and the Office and Communication Manager to discuss the current duties of the Senior Administrative Technician position as well as gain a better understanding of the proposed accounting responsibilities that this position will be assigned.
- CPS HR Senior Consultant conducted research and utilized information from the PDQ and interviews with the District Manager and Office and Communication Manager to create a job

description/classification specification that incorporates the current HR functions and the proposed related accounting functions. Based on the changes to the responsibilities and required knowledge, skills, and abilities, the Senior Consultant recommended the position be titled Personnel and Accounting Specialist, based on a similar position in another sanitation agency. The Personnel and Accounting Specialist classification specification was reviewed by the District Manager and further revisions were made until approval on the classification specification was obtained.

- CPS HR Senior Consultant performed research to identify the labor market agencies to include in the base salary compensation study.
- CPS HR Senior Consultant reviewed and analyzed base salary compensation data obtained online and/or via telephone with labor market agencies. After determining the median salary range using the base salary compensation data collected, the Senior Consultant evaluated the District's current salary ranges for internal equity issues.
- CPS HR Project Manager and Senior Consultant prepared a draft base salary compensation report for client review and comments, and to present to the Board of Directors.
- CPS HR Project Manager and Senior Consultant prepared a final report, which includes the Personnel and Accounting Specialist job description/classification specification and base salary compensation data (p. 6).

Compensation Study Parameters

The parameters for the present base salary compensation study included:

- Labor market positions
- Labor market agencies
- Scope of the survey

Labor Market Position

The two most common labor market positions are:

- The labor market median, which is the “middle” of the market, is the data point at which half of the complete range of data is higher, and half of the complete range of data is lower. Within small data sets, this position is not impacted by high and low payers in the market since it is the middle data point; in this case, you could eliminate the highest and lowest payers, and the data would not be impacted.

- The labor market mean, which is the average data point for the complete range of data. This position can be impacted by high and low payers since it is an average of all data points.

For the present study, the median base salary compensation data was used. This decision was based upon the small number of labor market agencies and to eliminate the highest and lowest salary ranges which skewed the base salary compensation data.

Labor Market Agencies

The determination of an appropriate labor market involves the application of the selection criteria outlined below.

- **Agency size** – Agencies with similar numbers of employees may also share common economic and demographic factors – given that agencies are organized differently, and may not be the same size, the typical study goal is to select a range of larger and smaller agencies.
- **Geographic proximity** – The location of potential agencies is important since they may be competitors in the recruitment market for most of the District’s employees, and thus are drawing from the same applicant pool. Our research indicated there were a sufficient number of agencies in the District’s local market to provide comprehensive data for market trends on the study classifications. Therefore, it was not necessary to consider broader geographic regional markets.
- **Services** – Agencies that provide the same types of services as the District are likely to have similar types of job classifications and may also be recruiting from the same applicant pool.

Survey Scope

The data collected for the classifications determined to be comparable to the District’s Personnel and Accounting Specialist included:

- Name of market agency.
- Title of each comparable classification.
- Minimum and maximum base salary.

Base Salary Survey Results

As indicated, the survey involved the collection of base salary data for comparable classifications to the Personnel and Accounting Specialist classification from the selected labor market agencies.

The results of the base salary analysis are presented in the table (p. 6) and are organized in alphabetical order. The table includes the designation “No Comparable Classifications” if there was

not a comparable classification or if a review of the duties and responsibilities assigned to a classification indicated that it was not comparable.

When conducting a salary survey, classification titles are not a factor when determining a comparable match. The intent is to provide general market trends by comparing the span of control; duties and responsibilities; and knowledge, skill, and abilities requirements to determine whether these are comparable enough to utilize as a match. With a balanced labor market and the use of whole job analysis, it is reasonable to assume that while some matches will have slightly higher responsibilities and some matches will have slightly lower responsibilities, the overall scope of duties and responsibilities of the combined matched will be balanced. The use of the labor market median further minimizes the possibility of data being skewed by higher or lower paying agencies.

When reviewing additional duties and responsibilities, it is important to make a distinction between those duties that are described as additional tasks, and those which increase the level of complexity of the duties and responsibilities assigned to the particular classification. Salary studies are not intended to address volume of work issues; however, they are intended to address complexity of duties. For that reason, while a particular classification may have been assigned more duties, it does not necessarily follow that the tasks assumed increase the compensable value of the classification.

The following information is displayed in the table.

- The labor market median monthly minimum and maximum base salary – this calculation is based upon the minimum and maximum monthly salary for each of the comparable classifications; the middle of that range of data is then computed to provide the median amount.
- The labor market mean monthly minimum and maximum base salary – this calculation is based upon the minimum and maximum monthly salary for each of the comparable classifications; the average of that range of data is then calculated to provide the mean amount.

West Bay Sanitary District Personnel and Accounting Specialist Base Salaries of Comparable Classifications in Labor Market

Surveyed Agency	Classification Title	Monthly Minimum	Monthly Maximum
West Bay Sanitary District	Personnel and Accounting Specialist	TBD	
Castro Valley Sanitary District	No Comparable Classification		
Central Contra Costa Sanitary District	No Comparable Classification		
Central Marin Sanitation Agency	Personnel and Accounting Technician	\$6,429	\$7,815
City of Foster City and Estero Municipal Improvement Dist.	Payroll Technician	\$5,836	\$7,094
City of Redwood City	Human Resources Technician	\$7,245	\$8,700
Delta Diablo Sanitation District	Accounting Technician	\$6,479	\$8,091
East Palo Alto Sanitary District	No Comparable Classification		
Mt. View Sanitary District	No Comparable Classification		
Oro Loma Sanitary District	No Comparable Classification		
Stege Sanitary District	No Comparable Classification		
Union Sanitary District	Accounting Technical Specialist	\$7,634	\$9,280
West County Wastewater District	No Comparable Classification		
West Valley Sanitation District	No Comparable Classification		
Range Mean		\$6,725	\$8,196
Range Median		\$6,479	\$8,091
Recommended Salary Range for West Bay Sanitary District Personnel and Accounting Specialist		\$6,479	\$8,091

While labor market data is a good indicator of market trends in pay, the concept of internal equity is an equally important factor when establishing a pay plan. The median minimum and maximum range for the comparable classifications to the Personnel and Accounting Specialist was evaluated

for internal equity (e.g., how classes within an organization are paid relative each other). The recommended salary for the Personnel and Accounting Specialist causes compaction issues with the Office & Communications Manager classification. The proposed minimum recommended salary for the Personnel and Accounting Specialist is higher than the minimum salary range of the Office and Communications Manager. The maximum recommended salary for the Personnel and Accounting Specialist is just 4% lower than the maximum salary for the Office and Communications Manager, indicating compaction at both ends of the salary range. If the district moves forward to adopt this salary recommendation, a salary study of the Office and Communications Manager is needed to determine the appropriate salary level for that position.

Summary

This report provides detailed information concerning the scope of the project, the methodology used to establish the Personnel and Accounting Specialist classification and complete the base salary compensation study, as well as the results of the study, which produced the Personnel and Accounting Specialist classification specification and a recommended salary range. Once the District has had an opportunity to review this draft report, we look forward to responding to any comments and questions on the content of the report.

WEST BAY SANITARY DISTRICT
Job Description
PERSONNEL AND ACCOUNTING SPECIALIST

DEFINITION

Under the supervision and general direction of the Office & Communications Manager, this position will perform technical work in the areas of personnel file management, benefits administration, payroll processing and administration, general accounting activities, and other related functions.

EXAMPLES OF DUTIES

- Serves as Employee Benefits Administrator for health, dental, vision, life, and disability benefit programs; enroll employees, explain benefits, and follow up on enrollment and eligibility issues; administers Flexible Spending Accounts (FSA); Deferred Compensation, tuition reimbursement Commuter Benefit programs, and ICMA retirement plans
- Maintains confidential personnel, medical and worker's compensation files and handles all new hire, termination, and recruiting documentation
- Coordinates employee evaluations and employee self-evaluations for District, follows up on missing evaluations with supervisors
- Prepares or reviews payroll records on a bi-weekly basis and analyzes computer printouts for accuracy; works with the payroll vendor to resolve any issues; documents and forwards all employee status changes impacting payroll including salary, benefits, and address changes to District Finance Manager; assists in issuing annual W-2s and 1099s; responds to questions regarding paychecks, time sheets, payroll deductions, tax holding reports, and other related matters
- Provides information to the union on new and existing employees pursuant to AB119, job description changes for review, and revisions and additions to Personnel Rules
- Serves as a liaison with the Worker's Compensation third party Administrator for the District and administers the Employee Injury Prevention Program; manages employees' leaves of absence, modified duty, and accommodation requests
- Initiates recruitment efforts for District positions and oversees offer letters, employment ads, screening applicants, acquiring panelists, pre-employment physicals, background checks, DOT drug screening, DMV physical and driving records; on-boards new employees
- Serves as liaison for California Public Employee Retirement System (CalPERS) for District employees; organizes retirement accounting information and produces and maintains related spreadsheets and reports
- Prepares bi-weekly withdrawal orders for the Board meetings, summarizing bills paid and transfers made; and provides other financial statements to the Board as requested
- Serves as liaison to administer mandatory drug testing policy between medical provider by coordinating appointments and communicating requirements and instructions with candidates and existing staff

- Provides back-up support as necessary; edits, compiles, and distributes the District's Board agenda package as required by law
- Verifies, posts, and records a variety of financial transactions; prepares and maintains databases, records, and a variety of periodic and special financial, accounting, and statistical reports; assists in the coordination of annual audits and annual budget preparation for area of responsibility
- Provides general office support, such as handling mail, preparing correspondence, filing, answering phones, issuing permits, greets public, answers questions or directs them to proper office personnel
- Works on a variety of special projects and other duties as assigned
- Assists in opening the Administration office each workday and secure the office for the evening.

DESIRABLE QUALIFICATIONS**Knowledge of:**

- Human Resources laws, regulations and practices including basic human resources functions, principles and procedures for employee benefits administration, personnel records management and payroll
- Basic arithmetic and statistical techniques
- Concepts of financial accounting for budgeting, coding expenditures, and reading financial statements
- Office procedures, methods, and equipment including computers and applicable software applications such as word processing, spreadsheets, and databases
- Proper business correspondence format and etiquette
- Methods and techniques of proper phone etiquette and customer service
- English usage, spelling, vocabulary, grammar, and punctuation
- General filing systems and procedures

Ability to:

- Perform a variety of general and specialized human resources duties including employee benefits administration and perform related accounting support work
- Review, post, balance, reconcile, and maintain accurate and complete payroll and accounting documents and records
- Maintain a high level of integrity and confidentiality when privy to, and/or dealing with management or employees on sensitive personnel, pay, or benefit issues
- Read, research, interpret, apply, explain, and ensure compliance with applicable federal, state and local laws, regulatory codes, District ordinances, MOUs, and procedures relevant to assigned area of responsibility

- Effectively communicate orally and in writing; composing correspondence, reports, or procedures
- Effectively present information and respond to questions from other employees, management, customers, vendors, and members of the public
- Establish, maintain, and promote positive and cooperative working relationships with those contacted during work
- Organize work and prioritize duties with minimal supervision to meet critical time deadlines
- Operate office equipment including computers and supporting word processing, spreadsheet, and database applications; and adapt to changing technologies and learn functionality of new equipment and systems
- Implement and maintain personnel records and other filing systems
- Work under steady pressure with frequent interruptions and a high degree of public contact by phone or in person
- Use applicable office terminology, forms, documents, and procedures during the work
- Understand and follow oral and written instructions
- Work well independently and/or in a team environment

Experience:

- Two years of relevant work experience in payroll administration, accounting or a closely related field; experience in a public agency is desirable

Education:

- Equivalent to completion of two years of college (60 semester or 90 quarter units) with major coursework in accounting, bookkeeping or a related field. Additional experience as outlined above may be substituted for the education on a year for year basis.

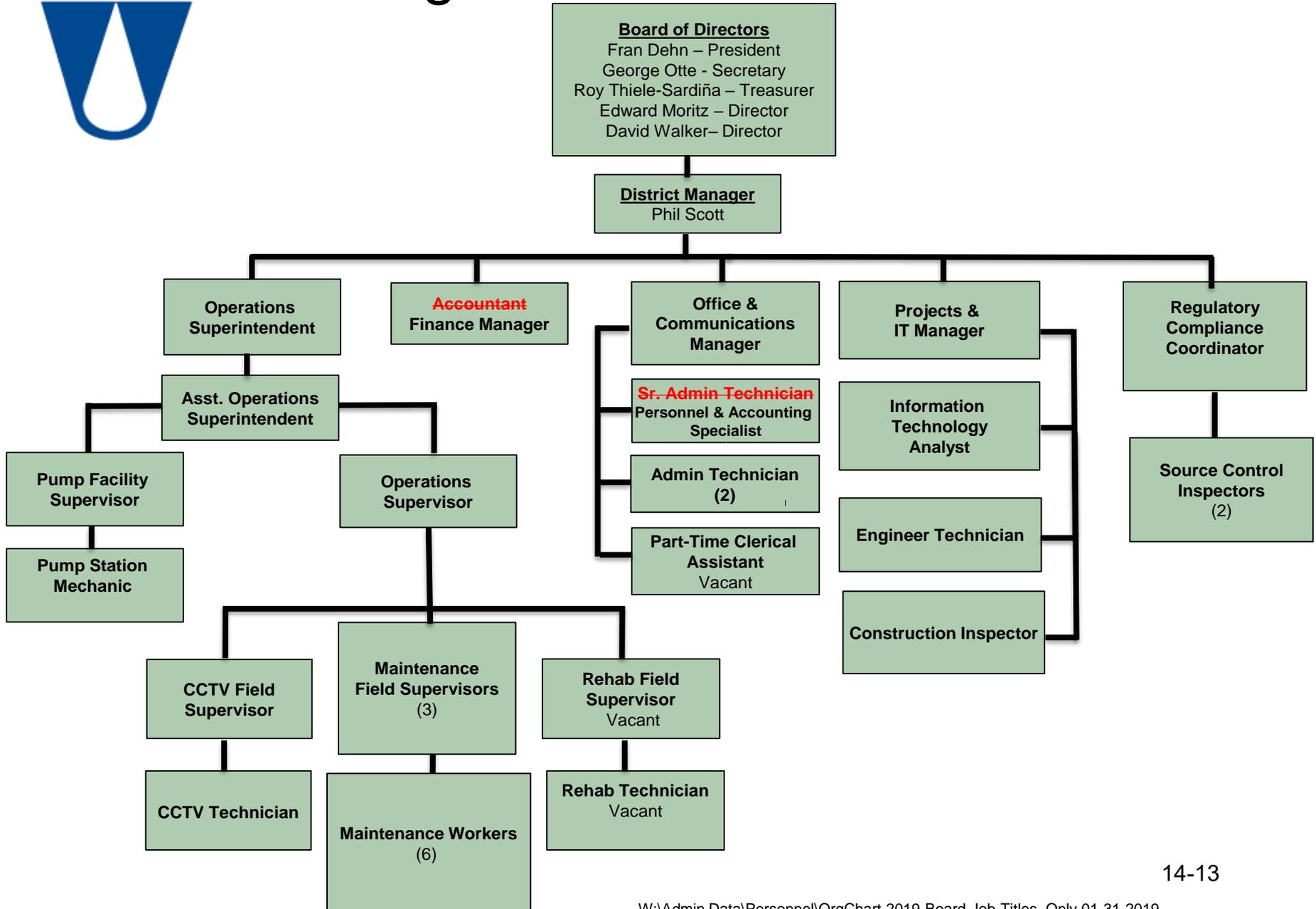
License Required:

- Possession of a valid California Department of Motor Vehicles Class C Driver License and driving record in conformance with adopted driving standards

Classification: Unrepresented, non-exempt



Organization Chart 2019



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