



REGULAR MEETING
BOARD OF DIRECTORS
THURSDAY, DECEMBER 15, 2016 – 6:30PM
3 DAIRY LANE, BELMONT CALIFORNIA

AGENDA

1. OPENING

- A. Call to Order
- B. Establishment of Quorum
- C. Pledge of Allegiance
- D. Election of Officers (Followed by Reception)

2. PUBLIC COMMENT

Members of the public may address the Board on the Consent Agenda or any item of interest within the jurisdiction of the Board but not on its agenda today. In compliance with the Brown Act, the Board cannot discuss or act on items not on the agenda. Please complete a speaker's form and give it to the District Secretary. Each speaker is limited to three (3) minutes.

3. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS

4. ACKNOWLEDGEMENTS/PRESENTATIONS

- A. Brent Chester – D4 Operator Certification from CA Department of Water Resources

5. CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one motion. If Directors wish to discuss a consent item other than simple clarifying questions, a request for removal may be made. Such items are pulled for separate discussion and action after the Consent Agenda as a whole is acted upon.

- A. Approve Minutes for the Special Board Meeting on October 11, 2016, and Regular Board Meetings on September 22, 2016 and November 16, 2016
- B. Approve Expenditures from November 10, 2016 through December 9, 2016
- C. Approve Revised Annual Planning Schedule for Board of Directors

6. HEARINGS AND APPEALS

None.

7. REGULAR BUSINESS AGENDA

- A. MPWD Capital Improvement Program (CIP): Overview of Sale – Certificates of Participation for CIP Financing – Presented by Wulff, Hansen & Company, Municipal Finance Advisor

- B. Review MPWD PARS OPEB Trust Account Investment Structure and Performance, and Consider Resolution 2016-22 Approving Investment Portfolio for the PARS OPEB Trust Account
- C. Schedule MPWD Strategic Planning Special Meeting in January 2017
- D. Receive BAWSCA Update

8. MANAGER’S AND BOARD REPORTS

- A. General Manager’s Report, including Water Conservation Progress Summary
 - 1. Supplemented by Administrative Services Manager’s Report
 - 2. Supplemented by Operations Manager’s Report
 - 3. Supplemented by District Engineer’s Report
- B. Financial Reports
- C. Director Reports

9. FUTURE AGENDA ITEMS

Requests from Board members to receive feedback, direct staff to prepare information, and/or request a formal agenda report be prepared and the item placed on a future agenda. No formal action can be taken.

10. COMMUNICATIONS

11. CLOSED SESSION

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION
AND ASSOCIATED NEGOTIATIONS**
Government Code §§54957 and 54957.6
Title: General Manager

12. ADJOURNMENT

This agenda was posted at the Mid-Peninsula Water District’s office, 3 Dairy Lane, in Belmont, California, and on its website at www.midpeninsulawater.org.

ACCESSIBLE PUBLIC MEETINGS

Upon request, the Mid-Peninsula Water District will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation (including auxiliary aids or services), to enable individuals with disabilities to participate in public meetings. Please contact the District Secretary at (650) 591-8941 to request specific materials and preferred alternative format or auxiliary aid or service at least 48 hours before the meeting.

Next Board Meeting: January 26, 2017, at 6:30PM

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REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE MID-PENINSULA WATER DISTRICT

September 22, 2016
Belmont, California

1. OPENING

A. Call to Order:

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Zucca at 6:30 PM.

B. Pledge of Allegiance – The Pledge of Allegiance was led by Director Stuebing.

C. Establishment of Quorum:

PRESENT: Directors Stuebing, Vella, and Zucca.

ABSENT: Directors Linvill and Warden.

A quorum was present.

ALSO PRESENT: General Manager Tammy Rudock, Operations Manager Rene Ramirez, District Secretary/Administrative Services Manager Candy Pina, District Counsel Julie Sherman, District Engineer Joubin Pakpour, and District Treasurer Jeff Ira.

2. PUBLIC COMMENTS

None.

3. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS

None.

4. ACKNOWLEDGEMENTS/PRESENTATIONS

A. Brent Chester – D4 Operator Certification from CA Department of Water Resources

General Manger Rudock and Operations Manager Ramirez commented on the D4 Operator Certificate, how useful it is for the District, and how proud they are with Brent's accomplishment. President Zucca commented that this certificate is not easy to receive, and asked that staff congratulate Brent on behalf of the Board for his accomplishment.

B. Tava Mataele – 10th Service Anniversary

Operations Manager Ramirez commented on the longevity of staff in general here at the District, noting years of service is important for institutional knowledge. President Zucca asked that staff congratulate Tava on behalf of the Board for his 10th service anniversary.

- 50 5. **CONSENT AGENDA**
51 A. **Approve Minutes for the Regular Board Meeting of August 25, 2016**
52 B. **Approve Expenditures from August 20, 2016 through September 13, 2016**

53
54 Director Vella moved to approve the Consent Agenda, Director Stuebing seconded, and it
55 was unanimously approved.

- 56
57 6. **HEARINGS AND APPEALS**
58 None.

- 59
60 7. **REGULAR BUSINESS AGENDA**
61 A. **Progress Report on MPWD 2016 Strategic Plan and Process Follow-Up**

62 **Facilitated by Julie Brown**

63 General Manager Tammy Rudock highlighted additional items accomplished that
64 were not identified in the Strategic Plan and then introduced Julie Brown.

65
66 Julie Brown listed the items she would be discussing with the Board:

- 67 a. How the simplified process has added value;
68 b. General Manager's performance evaluation process;
69 c. Board roles versus General Manager Roles; and
70 d. Trust between Board members and leadership.

71
72 President Zucca commented on the process, giving a summary of where they
73 were, and where they are now. He likes the updated Strategic Plan; the work is
74 easily identified and tracked for progress and completion. There is now easier
75 coordination due to the new format. He likes the way the report gives a big
76 picture, which helps to identify roles between the Board and the General
77 Manager.

78
79 Director Stuebing added that the new plan provides a forum to talk in details but
80 with appropriate roles in place for the Directors and the General Manager.

81
82 Director Vella said it is a very good tool for tracking what is happening. He said
83 he now feels comfortable with staff doing their jobs because the roles are clearly
84 defined between staff and the Directors.

85
86 Julie Brown summarized that she observes a different level of communication,
87 which is interactive and very professional. She is proud of the progress that has
88 been made. Director Vella asked what actions she would suggest the Board look
89 at for further growth. She discussed that some of her for-profit clients have 5-10
90 year strategic plans developed, and then make minor changes to the document
91 every year.

92
93 General Manager Rudock added that the plan is much easier to update and flows
94 well with the General Manager performance evaluation, which was so
95 cumbersome in the past. Director Vella noted that he is confident now that the
96 Directors and the General Manager are looking at the strategic plan throughout

97 the year. General Manager Rudock added that once the plan is in place, she
98 meets with her management team and determines who will do what based on the
99 plan. Then the management team meets with their staff and determines what
100 they will do based on the plan. So everyone is working from the strategic plan
101 and all staff performance and evaluations are impacted by what is expected to be
102 accomplished for that year.

103
104 President Zucca appreciated having an up-to-date listing of the accomplishments
105 thus far throughout the year. This way the General Manager is reviewed on the
106 accomplishments for the entire year, and not just the last quarter of the year. He
107 also noted that there is no longer any confusion on what needs to be
108 accomplished because it is clearly spelled out.

109
110 Julie Brown likes the flexibility with the way the plan is being presented, and now
111 immediate needs can be responded to more readily. There are also board
112 accountabilities in place.

113
114 She then asked if there was anything the Board or staff would like to modify in
115 the process? Director Stuebing would like to have another way to look at asset
116 management in order to make a quantitative decision. General Manager Rudock
117 commented that she had discussed with Ms. Brown a process for administering
118 the General Manager evaluation each year so that there is consistency.

119
120 Julie Brown then ended the discussion by saying that the District has an
121 impressive strategic plan process in place.

122
123 Director Vella offered to share with General Manager Rudock the BAWSCA
124 General Manager evaluation process.

125
126 **B. MPWD Capital Improvement Program (CIP):**

127 **1. Review CIP Summary and Project Implementation Plan Update**

128 General Manager Rudock noted that FY 2016-2017 was added to the CIP
129 Summary. She pointed out that engineering costs are highlighted in blue, and
130 construction costs are in yellow. They have bundled some of the CIPs to take
131 advantage of cost savings, and will be sending out Requests for Proposals on
132 those bundled projects. Additionally, staff identified projects that would
133 require the assistance of outside engineering firms, which would be
134 accomplished through a Request for Qualifications process. When the
135 funding is in place, MPWD will be ready to move forward quickly. The MPWD
136 is considering hiring professionals to assist with inspections, having the
137 MPWD's inspector overseeing them.

138
139 District Engineer Pakpour discussed several ways to complete the CIP work:

- 140 a. Work on one project at a time;
- 141 b. Do a series of projects which are related; and/or

142 c. Prequalify contractors. If we prequalify now, it would streamline the
143 bidding process.
144

145 **2. Consider Resolution 2016-14 the First Amendment to the Professional**
146 **Services Contract with the District Engineer, referenced as Contract No.**
147 **01-1621-CIP, in the Amount of \$292,155, for Engineering Design**
148 **Services related to the 2017 Water Main Replacements Project**

149 General Manager Rudock discussed the proposed amendment to the contract
150 with Pakpour Consulting Group, which would authorize engineering design on
151 the first projects within the 5-year CIP.
152

153 Operations Manager Ramirez reported that the contract included the starting
154 number for capital projects. He summarized the projects to be designed.
155

156 District Engineer Pakpour noted that the Karen Road project is mostly
157 completed, and the balance of the work will be bundled with 4 other projects.
158 The work proposed will include design work, topographic surveys, potholing,
159 and construction support. President Zucca commented that he likes the way
160 the CIP program has come together, and when there are changes to the
161 priorities, he is confident there will be discussions between the Directors and
162 staff. He likes that everything has been documented so clearly, so there are
163 no questions about the process.
164

165 General Manager Rudock discussed the meeting that took place today with
166 Bond Counsel. The financing document package is large, and staff will be
167 working on developing the preliminary official statement.
168

169 Director Stuebing moved to accept Resolution 2016-14 the First Amendment
170 to the Professional Services Contract with the District Engineer, referenced as
171 Contract No. 01-1621-CIP, in the Amount of \$292,155, for Engineering
172 Design Services related to the 2017 Water Main Replacements Project,
173 Director Vella seconded. Roll call was taken and it was unanimously
174 approved.
175

176 **3. Consider Scheduling a Special Meeting in October 2016 to Consider**
177 **Approval of Financing Documents for MPWD 5-Year CIP totaling \$20**
178 **Million**

179 General Manager confirmed that October 11th will be the Special Meeting
180 date at 6:00 p.m.
181

182 **4. Receive Updated CIP Informational Summary & FAQs**

183 General Manager Rudock noted that she updated pages 66 and 67, and will
184 continue to keep this document up to date each month. President Zucca
185 recommended title pages between the attachments.
186

187 **C. Consider Resolution 2016-15 Authorizing a Water Service Agreement**
188 **between the Mid-Peninsula Water District and Central Peninsula**
189 **Development, LLC, for Mixed-Use Development located at 576-600 El**
190 **Camino Real in Belmont, California**

191 Operations Manager Ramirez presented the following information about this
192 project:

- 193 1. There are three commercial units on the ground floor and multi-family
194 units above that space.
- 195 2. The water meters will be on the business owner's property, which is not
196 standard for MPWD. Those working on this agreement were District
197 Counsel Sherman, General Manager Rudock, Operations Manager
198 Ramirez, Field Operations Supervisor Brent Chester, and the developer.
199 There will be a bank of water meters on the developer's property.
- 200 3. Director Vella would like to see a standard developed for these types of
201 projects, so there will be no misunderstanding with future developers. It
202 was discussed that having a standard would likely not work; instead it will
203 have to be on a case-by-case basis to accommodate the needs of each
204 development. However, certain key concepts will be equally applicable to
205 each development.
- 206 4. There will be standard fire services applied to each development.
- 207 5. MPWD approved the plumbing plans for this current development.
- 208 6. Easements are being developed for MPWD's access and maintenance
209 of MPWD's meters, which will be enclosed to protect MPWD's property.
210 Transmitters will also be housed in an enclosed box.
- 211 7. Director Vella expressed concern about the District's responsibility with
212 regard to the easement, and wanted to make sure we have no
213 responsibility to maintain the property, just the meter boxes and
214 transmitters. Operations Manager Ramirez responded that MPWD's
215 responsibility ends at the right of way, and picks up at the meters.
- 216 8. Operations Manager Ramirez reiterated the water meters are MPWD's
217 property. There will be security measures in place to allow only
218 authorized personnel from the MPWD staff to access a "utility area" of
219 the building, housing MPWD's meters.
- 220 9. President Zucca gave congratulations to all working through this first
221 unique project. Operations Manager Ramirez noted that Brent dealt with
222 all the technical details.

223
224 Director Stuebing moved to accept Resolution 2016-15 Authorizing a Water
225 Service Agreement between the Mid-Peninsula Water District and Central
226 Peninsula Development, LLC, for Mixed-Use Development located at 576-600 El
227 Camino Real in Belmont, California, Director Vella seconded. Roll call was taken
228 and it was unanimously approved.

229
230 **D. Consider Resolution 2016-16 Requiring Even-Numbered Year Elections for**
231 **the MPWD Board of Directors in Consolidation with the Statewide General**
232 **Elections**

233 General Manager summarized the reasons behind the statewide general
234 elections being consolidated to even-numbered years. It will be cost effective to
235 have them at the same time as general elections for two reasons: more voter
236 turnout and economies of scale with regard to the cost of the elections.
237

238 Director Vella moved to accept Resolution 2016-16 Requiring Even-Numbered
239 Year Elections for the MPWD Board of Directors in Consolidation with the
240 Statewide General Elections, Director Stuebing seconded. Roll call was taken
241 and it was unanimously approved.
242

243 **E. Consider Resolution 2016-17 Authorizing the Adoption of the San Mateo**
244 **County Hazard Mitigation Plan Update**

245 Operations Manager Ramirez summarized his report and described the plan and
246 how it will be administered. He discussed a county-wide survey and the results
247 of that survey. He noted there were seven hazards of concern: Earthquake,
248 severe weather, wild fires, landslides, floods, drought, and dam failure. He
249 discussed the development of the Mitigation Action Plan, which includes how to
250 mitigate seismic disruptions. Examples of mitigation projects and strategies were
251 discussed. Staff is recommending that the Board adopt Volumes 1 and 2, which
252 are in compliance with the current regulations, and other cities and counties are
253 doing the same thing. Once MPWD and others adopt this document, it will go to
254 FEMA for its adoption. This will allow MPWD to potentially receive grant funding
255 to seismically retrofit those tanks that need it. And post-earthquake, FEMA will
256 pay 85%. District Engineer Pakpour stated that with this plan in place at MPWD,
257 we would be eligible to receive an additional 7½%.
258

259 Director Vella moved to adopt Resolution 2016-17 Authorizing the Adoption of
260 the San Mateo County Hazard Mitigation Plan Update, Director Stuebing
261 seconded. Roll call was taken and it was unanimously approved.
262

263 **F. Receive Presentation and Review of the New MPWD Personnel Manual,**
264 **and:**

- 265 1. **Consider Resolution 2016-18 Adopting the Mid-Peninsula Water District**
266 **Policy Against Unlawful Harassment, Discrimination and Retaliation;**
267 **and**
- 268 2. **Consider Resolution 2016-19 Approving and Adopting the New**
269 **Personnel Manual for the Mid-Peninsula Water District, effective**
270 **September 23, 2016**

271 General Manager Rudock discussed the letter agreement with the MPWD
272 Employees Association and how she incorporated the MPWD health benefits
273 into the personnel manual. She asked to change the language on page 183,
274 which would make it more concise for the reader. She discussed the meet
275 and confer negotiation process with the MPWD Employees Association. She
276 informed the Board that she has contracted with Koff & Associates to update
277 the MPWD personnel position descriptions, and conduct an interim salary
278 survey, in order to see where the MPWD salaries stand in comparison to the

279 market. The new Policy against Harassment is included as an attachment in
280 the Personnel Manual, which will make it simpler to update in the future as
281 needed.

282
283 Director Stuebing moved to approve both Resolution 2016-18 Adopting the
284 Mid-Peninsula Water District Policy Against Unlawful Harassment,
285 Discrimination and Retaliation; and Resolution 2016-19 Approving and
286 Adopting the New Personnel Manual for the Mid-Peninsula Water District,
287 effective September 23, 2016, Director Vella seconded. Roll call was taken
288 and they were unanimously approved.

289
290 **G. BAWSCA Update**

- 291 Director Vella noted the following points from the BAWSCA meeting:
- 292 a. The General Manager’s performance evaluation was completed.
 - 293 b. A video was presented on the construction of the Calaveras Dam. That
294 video is located on the SFPUC website.
 - 295 c. There was discussion about the water availability for East Palo Alto (EPA).
 - 296 d. Because of traffic issues, the next BAWSCA meeting will be held in the
297 San Mateo Library instead of Foster City.

298
299
300 **8. MANAGER AND BOARD REPORTS**

301 **A. General Manager’s Report**

302 General Manager Rudock highlighted from her report the contracted work with Koff &
303 Associates and the MPWD’s compliance with the Conflict of Interest Bi-Annual Notice
304 submittal to the County of San Mateo. She mentioned that at the next HIA meeting,
305 which is on October 6th, the HIA will be celebrating its 60th anniversary. She also
306 reminded President Zucca that he will be presenting at the November 3rd HIA meeting.

307
308 **1. Supplemented by Administrative Services Manager’s Report**

309 Administrative Services Manager Pina gave an update on the financial management
310 system implementation, noting the billing system will be implemented in
311 January/February 2017.

312
313 **2. Supplemented by Operations Manager’s Report**

- 314 Operations Manager Ramirez highlighted the following:
- 315 a. There is one commercial water meter left to put into service in Zone 1.
 - 316 b. There was a main break on Notre Dame under the sidewalk instead of under the
317 street where a brand new road was put in.
 - 318 c. On September 3rd, there was a main break and water got into a couple of homes.
319 Rick Bisio called a restoration company that was able to do some work on one
320 home most impacted, which helped with the water and mold damage. Staff is
321 working with ACWA JPIA on the claim.

322
323 **3. Supplemented by District Engineer’s Report**

324 District Engineer Pakpour reported that the Alameda de las Pulgas water main
325 replacement project is complete. There were 1.9% change orders, and there is a
326 notice of potential claim for \$43,000.

327

328 **B. Financial Reports**
329 Receive General Manager's Annual Report for Fiscal Year Ended June 30, 2016
330 General Manager Rudock gave a fiscal year-end review on the results of the MPWD's
331 2015-2016 operations.
332

333 **C. Director Reports**
334 President Zucca discussed his meeting with Charles Stone. They are in agreement with
335 coordinating projects between Belmont and MPWD. He was complimentary regarding
336 what the Directors and staff do here at the District.
337

338 **9. FUTURE AGENDA BUSINESS ITEMS**
339 None.
340

341 **10. COMMUNICATIONS**
342 None.
343

344 **11. ADJOURNMENT**
345 Director Stuebing moved to adjourn at 9:00PM, Director Vella seconded, and it was
346 unanimously approved.
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DISTRICT SECRETARY

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353 APPROVED:
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357 BOARD PRESIDENT

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SPECIAL MEETING
OF THE BOARD OF DIRECTORS
OF THE MID-PENINSULA WATER DISTRICT

October 11, 2016
Belmont, California

1. OPENING

A. Call to Order:

The special meeting of the Mid-Peninsula Water District Board of Directors was called to order by Vice President Warden at 6:05PM.

B. Pledge of Allegiance – The Pledge of Allegiance was led by Director Stuebing.

C. Establishment of Quorum:

PRESENT: Directors Linvill, Stuebing, Vella, and Warden. Director Zucca arrived at 6:10PM shortly after the meeting started.

ABSENT: None.

A quorum was present.

ALSO PRESENT: General Manager Tammy Rudock, Operations Manager Rene Ramirez, District Secretary/Administrative Services Manager Candy Pina, District Counsel Julie Sherman, and District Engineer Joubin Pakpour. District Treasurer Jeff Ira was absent.

2. PUBLIC COMMENTS

None.

The Board agreed to take the agenda out of order and proceeded first to Regular Business Agenda Item 3.B. and then to Agenda Item 3.C.

3. REGULAR BUSINESS

B. Consider Resolution 2016-21 Accepting as Complete the Alameda De Las Pulgas Water Main Replacement Project and Authorizing the Recordation of a Notice of Completion for the Project

Operations Manager Ramirez reported the project was completed and it was time for the Board to formally consider acceptance of the project. The Notice of Completion will be recorded in San Mateo County by staff. He summarized that the contractor's construction bid totaled a little over \$620,000. There were almost \$12,000 in change orders, but because of materials used and various other items, there was a reduction in costs of almost \$18,000. The final cost of the project was a little over \$615,000. District Engineer Pakpour added the last item on the punch list was the striping of Alameda. On September 17th, the contractor striped, and completed another miscellaneous punch list item on September 22nd, so we deemed the project complete. There was a balancing change order that balances the materials put in the ground with what we paid for. The net \$17,000 savings was due to the project not requiring some of the materials we originally anticipated needing. We also had daily sweepers in the cost, which were not needed, as the contractor's activities were very clean. In addition, two anticipated retaining walls were not needed. Operations Manager Ramirez referred to pages 205-206 listing an analysis of all the change orders, with four change-order categories (client

52 requested, unforeseen conditions, PS&E, and other). We are at a -1% of change orders,
53 compared to an average of 10% change orders for underground work. We are working
54 with the contractor to resolve a few remaining discrepancies that could turn into claims.
55 The two-year warranty starts at the time we file the notice of completion.
56

57 Director Vella moved to approve Resolution 2016-21 Accepting as Complete the
58 Alameda De Las Pulgas Water Main Replacement Project and Authorizing the
59 Recordation of a Notice of Completion for the Project, Director Stuebing seconded. Roll
60 call was taken, and it was unanimously approved.
61

62 **C. Consider Cancellation of October 27, 2016 Regular Board Meeting**

63 President Zucca suggested the regular board meeting of October 27th be considered for
64 cancellation since there is no substantive business to be discussed at that meeting.
65 General Manager Rudock noted that the financial and manager's reports will be
66 distributed and posted. It was discussed that the auditor will be available for the
67 November meeting to deliver the audit report.
68

69 Director Linvill moved to cancel the October 27, 2016 Regular Board Meeting. Director
70 Stuebing seconded and it was unanimously approved.
71

72 President Zucca went back to Regular Business Agenda Item 3.A.
73

74 **A. Consider Resolution 2016-20 Approving the Form and Authorizing and Directing**
75 **the Execution of Certain Installment Sale Financing Documents in Connection**
76 **with the Financing of the Acquisition and Construction of Certain Improvements**
77 **and Facilities within the District's Water System, Authorizing and Directing**
78 **Distribution of a Notice of Intention, a Notice of Sale and a Preliminary Official**
79 **Statement in Connection with the Offering and Sale of Certificates of Participation**
80 **Related Thereto, and Directing Certain Actions with Respect Thereto**

81 General Manager Rudock, District Treasurer Ira, Administrative Services Manager Pina,
82 and Operations Manager Ramirez carefully reviewed all of the financing documents.
83 Further review was coordinated with the District Counsel, including Allison Schutte and
84 Julie Sherman. The MPWD's Municipal Finance Advisors, Bud Levine and Edmund
85 Viray of Wulff, Hansen & Co., also reviewed the documents. Staff noted there were
86 minor typographical errors that would be cleaned up after this review with the Board and
87 they were finalized. This resolution includes direction that the final documents will be in
88 a form approved by District Counsel.
89

90 General Manager Rudock presented that the fiscal impact consistent with the direction of
91 the Board: \$1,045,000 for the annual debt service payment. This is in line with what
92 was reported earlier this year by Alex Handlers of Bartle Wells when he presented the
93 updated financial projections for the MPWD. Bud Levine will show the most up-to-date
94 financing scenario for the 30-year Certificates of Participation (COPs). The first payment
95 installment will be on May 15, 2017. The funding currently identified in the MPWD's
96 Capital Budget for AMI will likely be used for the first debt payment (\$500,000).
97 December 1, 2026 remains the earliest payback date, without any prepayment penalty.
98 Mr. Levine will share the interest rates in the current bond market. The debt service
99 coverage ratio is 1.3 that enables us not to have to purchase insurance, providing for
100 significant savings in financing costs. Staff is updating the informational summary and
101 FAQs, which reflect the entire process on how the MPWD came to the decision for debt
102 financing. Bond Counsel Brian Quint of Quint & Thimmig LLP explained in his report the

103 meaning and purpose of each of the documents presented. The Preliminary Official
104 Report staff prepared was 45 pages long and thorough as required. Mr. Levine
105 mentioned that we should be very proud of this document. General Manager Rudock
106 stated it was a good exercise to go through, and all the required information was
107 available to put into this document as a result of the MPWD's organizational
108 accomplishments these past few years. A schedule will be presented, which shows the
109 next steps through this process.

110
111 Director Linvill would like to understand who the Public Property Financing Corporation
112 of California was and what vetting was done on this company, and why them. Mr.
113 Levine explained who they were, and why MPWD needed to use them. He explained
114 they would become a participant issuer. They created the COPs. The trustee holds all
115 the money, and MPWD directs what they pay.

116
117 Mr. Levine distributed handouts to the Board and staff and explained the reasons behind
118 the documentation. He explained the call provision in 2026 without prepayment penalty.
119 When bonds are issued without insurance, there is higher debt service coverage. The
120 debt can be paid off in 20 years, and it will not exceed \$1,045,000 a year in debt service
121 payments.

122
123 He further reported that key documents go out electronically showing bond issue
124 structure. Nothing can be changed on these documents. The parameters will have to
125 stay within the parameters listed. The additional documents within this report were:
126 Installment Sale Agreement, Trust Agreement Installment Terms, Duties of the Trustee,
127 Unexpected Funds Call Definition, Continuing Disclosure Certificate, Continuing
128 Disclosure Agreement, Assignment Agreement, Good Faith Custodial Deposit of
129 \$100,000, Certificate of Award, and Preliminary Official Statement.

130
131 Mr. Levine shared ideas on what could be done with the excess cash (e.g., paying down
132 the bond issue if desired or establishing a rates stabilization fund). He explained that
133 premium bonds are the best to buy in this market because when rates go up, the
134 premium bonds do not go up. PAR bonds go up and down. When there are high
135 interest rates, PAR bonds are typically used.

136
137 Director Linvill reiterated her desire that when there is excess cash due to earning more
138 she would like the District to use the money or accumulate the excess and call the
139 bonds. President Zucca does not want MPWD to get rid of the reserves currently in
140 place. Director Linvill would like to make sure we have a cushion to pay the bonds and
141 also make sure staff is managing the funds and tracking carefully the expenses.

142
143 General Manager Rudock added that MPWD will need to develop a strategy to fund
144 completion of the AMI change-out program. Rate stabilization funding was further
145 discussed with regard to excess revenues.

146
147 Mr. Levine then discussed the process of choosing the underwriters. He discussed
148 other similar bond issues and gave different scenarios. The examples given showed
149 that premium bonds were desired for investors. He discussed the next steps listed on
150 the schedule presented. He clarified how the trustee bank would be selected.

151
152 President Zucca clarified with the Directors present that the Board is moving toward
153 doing debt service for its capital improvement program.

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Mr. Levine added that the hope is to be pricing these in November close by December 1st.

General Manager Rudock discussed options with the Board for signature authorities on all financing documents. The Board agreed that the President, the General Manager, or their designees, would be the signatories on behalf of the MPWD.

Director Linvill mentioned that Resolution 2016-20 needed to identify the MPWD's Municipal Finance Advisor. Staff reported that it would amend the resolution to add District Counsel approval of all documents to relevant sections within the resolution, and include the MPWD signatories.

Director Linvill moved to adopt Resolution 2016-20 as amended Approving the Form and Authorizing and Directing the Execution of Certain Installment Sale Financing Documents in Connection with the Financing of the Acquisition and Construction of Certain Improvements and Facilities within the District's Water System, Authorizing and Directing Distribution of a Notice of Intention, a Notice of Sale, and Preliminary Official Statement in Connection with the Offering and Sale of Certificates of Participation Related Thereto, and Directing Certain Actions with Respect Thereto. Director Stuebing seconded the motion. Roll call was taken, and the motion was approved 4-1. Directors Linvill, Stuebing, Vella, and Zucca voted yes, and Director Warden voted no.

Director Warden stated that while he did not support the debt financing, he wanted to compliment staff and the Municipal Finance Advisor team for their hard work this past year and diligence in their presentations and reports to the Board during this process.

D. Other Topics for the Good of the Order

None.

4. ADJOURNMENT

Director Stuebing moved to adjourn at 7:45PM, Vice President Warden seconded, and it was unanimously approved.

DISTRICT SECRETARY

APPROVED:

BOARD PRESIDENT

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REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE MID-PENINSULA WATER DISTRICT

November 16, 2016
Belmont, California

1. OPENING

A. Call to Order:

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by Vice President Warden at 6:35 PM.

B. Pledge of Allegiance – The Pledge of Allegiance was led by District Engineer Pakpour.

C. Establishment of Quorum:

PRESENT: Directors Linvill, Stuebing, Vella, and Warden

ABSENT: Director Zucca.

A quorum was present.

ALSO PRESENT: General Manager Tammy Rudock, Operations Manager Rene Ramirez, District Secretary/Administrative Services Manager Candy Pina, District Counsel Joan Cassman, District Engineer Joubin Pakpour, and District Treasurer Jeff Ira.

2. PUBLIC COMMENTS

None.

3. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS

None.

4. ACKNOWLEDGEMENTS/PRESENTATIONS

Michael Anderson, Field Operations Supervisor and Project Inspector, and Feraydoon Farsi, Project Manager with Pakpour Consulting Group, Inc., and the Alameda de las Pulgas Water Main Replacement Project

General Manager Rudock acknowledged and appreciated the hard work involved for staff, and added that this was a good mentoring opportunity. District Engineer Pakpour further stated this was a challenging project and the team did a good job keeping the project within budget and schedule.

District Engineer Pakpour discussed the customer satisfaction survey distributed to 65 residents along Alameda de las Pulgas, of which 11 responded. He summarized the results of the survey, noting the following: 91% felt MPWD completed the project with minimal inconvenience to them; 82% felt MPWD staff and contractor acted in a professional and courteous manner; 82% felt the project areas were left in a better condition than when they arrived; and 82% rated their performance higher compared to other governmental or private utilities.

5. CONSENT AGENDA

A. Approve Minutes for the Regular Board Meeting of September 22, 2016

51 The minutes were moved to next month's regular board meeting because a quorum to
52 consider approval of the minutes was not present. The October 11, 2016 special
53 meeting minutes will be prepared for consideration at the next regular board meeting.
54

55 **B. Approve Expenditures from September 14, 2016 through October 27, 2016 and**
56 **Approve Expenditures from October 28, 2016 through November 9, 2016.**

57 Director Vella moved to approve the expenditures from September 14, 2016 through
58 October 27, 2016 and expenditures from October 28, 2016 through November 9, 2016.
59 Director Stuebing seconded, and it was unanimously approved.
60

61 **6. HEARINGS AND APPEALS**

62 None.
63

64 **7. REGULAR BUSINESS AGENDA**

65 **A. Receive and Accept the Financial Audit Report for Fiscal Year Ended June 30,**
66 **2016, Presented by David Becker, CPA, of James Marta & Company LLP**

67 David Becker, CPA, of James Marta & Company LLP, through a conference call,
68 presented the results of the Fiscal Year Ended June 30, 2016 financial audit. He
69 highlighted the various reports within the audit, and pointed out that attention be given to
70 reviewing the audit opinion that was unmodified (page 1), the change in accounting
71 principles (page 26), the Management's Discussion & Analysis (MD&A – page 3); and
72 the report on internal controls (page 31). He noted that operating revenues were up by
73 \$790K (8%) over the prior year, non-operating revenues were down by \$130k.
74 Operating expenses were up by \$375K (4.7%), and there was an increase in the net
75 position of \$904K (4.7%). The ending net position for the MPWD was \$20.1M.
76

77 He produced a Statement of Net Position graph which showed the trends over the last
78 eight years, including a graph showing the Net Position Allocation over the same
79 timeframe. Mr. Becker presented a Capital Assets graph that indicated the level of
80 depreciable assets and where the MPWD fixed assets were related to accumulated
81 depreciation. The final graph showed the Statement of Activities, comparing operating
82 revenues, non- operating revenues, operating expenses, and change in net position.
83

84 He summarized his findings noting there were no significant issues, discussed the
85 required reporting on the financials this year, discussed the audit adjustments made, and
86 indicated the new pronouncements which will be required in FY 2017/2018 – GASB 75.
87

88 He noted that written financial policies and procedures will be worked on with the
89 addition of the new financial management system currently under development. His
90 overall comments indicated a good financial position and receptive management to
91 recommendations.
92

93 Director Stuebing moved to receive and accept the financial audit report for Fiscal Year
94 Ended June 30, 2016, presented by David Becker, CPA, of James Marta & Company
95 LLP. Director Linvill seconded, and it was unanimously approved.
96

97 **B. MPWD Capital Improvement Program (CIP): Receive Debt Financing Progress**
98 **Report and Schedule Updates from Wulff, Hansen & Company, Municipal Finance**
99 **Advisor**

100 General Manager Rudock introduced Bud Levine from Wulff, Hansen & Company, who
101 discussed the effects of the presidential election and the impact to the financial market.

102 It appears there will be a debt increase on the federal level, and there is uncertainty in
103 the market. With a stronger economy, inflation will rise. The volatility occurring right
104 now in the market will likely settle down once there is more understanding of what the
105 new administration will put in place, but until then, it is important to act quickly with the
106 public offering before things get worse. He presented a scenario that will stay within the
107 original debt service payment expectation. It will likely be closer to a \$19 million offering.
108 With the \$19 million offering, MPWD is well within the debt coverage ratio required.
109 MPWD was given an AA rating, and that allows MPWD to exclude any retention of the
110 reserves. Also, there is no need for insurance to be purchased. Institutions will buy
111 premium bonds at this point. He then discussed the bidding process and reviewed the
112 revised calendar.

113
114 **C. Receive Revised Draft Seismic Retrofit Evaluation and Strategy Development**
115 **Report for the Hallmark Tank Site**

116 District Engineer Pakpour summarized the amended report, including the retrofit
117 evaluation, and concluded nothing needs to be done at this time. As long as the water
118 levels in the tank are managed properly, the tank will be safe. General Manager
119 Rudock added that maintenance will continue to be performed on the tank. District
120 Engineer Pakpour added that this report will be added to MPWD's master plan.

121
122 **D. Receive Progress Report on MPWD Public Relations and Marketing Activities and**
123 **Upcoming Website Update, Presented by John Davidson d/b/a JRocket77 Graphic**
124 **Design & Marketing**

125 John Davidson of JRocket & Graphic Design & Marketing gave an update of the work
126 accomplished on the MPWD website. He highlighted the public relations
127 communications and how the content and activity is being put in place and stated the
128 current website is fresh and up to date. Also, the website is being filtered through the
129 Strategic Plan. He discussed the way the website will be updated next year to do on-line
130 bill pay, and how it will interact with the customer portal system. It should be 0-1 click
131 process, instead of a 1-2 click process. The Sensus portal will be coming on line.

132
133 Vice President Warden complimented the website and the branding that has been
134 accomplished for the District.

135
136 **E. Consider and Approve 2017 Annual Board Meeting Schedule**

137 Director Stuebing moved to approve 2017 Annual Board Meeting Schedule. Director
138 Vella seconded, and it was unanimously approved.

139
140 **F. Receive BAWSCA Update**

141 Director Vella noted there would not be a report because there was no meeting this
142 month. However, he noted the next meeting would be at the San Mateo Library as a test
143 to see if it was easier to get to instead of fighting the traffic to Foster City.

144
145 **8. MANAGER AND BOARD REPORTS**

146 **A. General Manager's Report**

147 General Manager Rudock highlighted from her report all the work that went into dealing
148 with the various litigation matters the District is facing at this time. She noted she has
149 put in numerous hours in the past month compiling responses to requests for production
150 of documents. She also mentioned that a recent PRA request and subpoena consumed
151 a large amount of staff time sifting through emails and constructing responses. She
152 reported that staff would be participating in a class with Julie Brown called True Colors.

153 This class is similar to what the board and management went to with Julie Brown several
154 months ago regarding communication styles. She also gave three possible dates for the
155 Strategic Planning meeting which Julie Brown would be able to attend. January 12th was
156 Ms. Brown's first choice, but she is also available on January 17th or 18th. General
157 Manager Rudock also discussed the new annual reporting requiring disclosure of
158 directors and staff members who receive more than \$100 in reimbursements from the
159 District.

160
161 **1. Supplemented by Administrative Services Manager's Report**

162 Administrative Services Manager Pina gave an updated financial report, highlighting
163 the differences from the original report to the new updated report. Revenue and
164 cash were overstated by about \$300,000 due to duplicate deposit entries. When the
165 reconciliation was completed, these duplicate deposits were found and removed.
166 She noted that this is all part of changing over to a new financial management
167 system, and soon this will be streamlined. Next month, extra attention will be given
168 to the reconciliation during the monthly review by the District Treasurer's office.
169

170 **2. Supplemented by Operations Manager's Report**

171 Operations Manager Ramirez noted that the SFPUC changed the days for inspecting
172 the new pipe under the bay before the expiration of the warranty. This inspection
173 affects the Hillcrest Meter turnout. So MPWD will not have the ability to access
174 water from the Hillcrest Meter turnout during November 16th and 17th.
175

176 **3. Supplemented by District Engineer's Report**

177 District Engineer Pakpour reported there will be a batch of five streets which will
178 have a topographic survey for the upcoming capital improvement program. He will
179 be putting out an RFQ for engineers, so MPWD has an opportunity to vet those
180 engineers who will be allowed to bid on specific jobs.
181

182 **B. Financial Reports**

183 General Manager Rudock noted MPWD is on target with the financials.
184

185 **C. Director Reports**

186 None.
187

188 **9. FUTURE AGENDA BUSINESS ITEMS**

189 Annual Election of Officers and PARS OPEB annual reporting.
190

191 **10. COMMUNICATIONS**

192 General Manager Rudock announced MPWD was found to be in compliance by the State
193 Water Resources Control Board regarding the SFPUC raw water incident that occurred in
194 Zone 1 in 2015.
195

196 **11. ADJOURNMENT**

197 Director Stuebing moved to adjourn at 8:50PM, Director Linvill seconded, and it was
198 unanimously approved.
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APPROVED:

DISTRICT SECRETARY

BOARD PRESIDENT

Accounts Payable

Checks by Date - Summary by Check Date

User: candyp
 Printed: 12/9/2016 11:43 AM



Check No	Vendor No	Vendor Name	Check Date	Check Amount
33	calpers	CALPERS	11/10/2016	8,210.42
34	WFBUSCAR	WELLS FARGO BUSINESS CARD	11/10/2016	7,200.00
35	CLIENTSV	Client Analysis Svs Charge	11/10/2016	3,550.96
36	ACHRETN	ACH Returns	11/10/2016	6.34
Total for 11/10/2016:				18,967.72
6	ICMACONT	ICMA contributions	11/14/2016	666.24
7	HEALTHEQ	Health Equity	11/14/2016	734.58
Total for 11/14/2016:				1,400.82
31558	ACWAJPIA	ACWA/JPIA	11/17/2016	41,079.94
31559	AKERSIRE	IRENE AKERS	11/17/2016	266.00
31560	ANTONELL	DOMINIC ANTONELLI	11/17/2016	60.00
31561	ATT30348	AT&T	11/17/2016	30.00
31562	ATT60197	AT&T 60197	11/17/2016	58.64
31563	BPLANDSC	BAY POINTE LANDSCAPE	11/17/2016	2,100.00
31564	BENCENEI	NEIL BENCE	11/17/2016	31.50
31565	BISIO	RICK BISIO	11/17/2016	51.75
31566	BLUELINE	BLUELINE RENTAL	11/17/2016	1,033.42
31567	BRAVOPRO	BRAVO PROMOTIONAL MARKETING,	11/17/2016	3,810.79
31568	BRUNETTE	DAVID BRUNETTE	11/17/2016	1.80
31569	CGUHLENB	C G UHLENBERG LLP	11/17/2016	1,325.00
31570	CARLHARD	CARLMONT HARDWARE	11/17/2016	66.95
31571	CARONSA	SANDRA CARON	11/17/2016	4.98
31572	CARQUEST	CARQUEST AUTO PARTS	11/17/2016	13.66
31573	CINTS	CINTAS CORPORATION	11/17/2016	376.26
31574	COMCAST	COMCAST	11/17/2016	373.06
31575	CSDA	CSDA	11/17/2016	6,485.00
31576	DUKESROO	DUKES ROOT CONTROL	11/17/2016	1,419.48
31577	EEAPSAFE	EEAP THE SAFETY PEOPLE, INC.	11/17/2016	480.00
31578	ELECTROM	ELECTRO-MOTION, INC.	11/17/2016	7,470.96
31579	EUROBLAS	EURO CLASSIX CARS	11/17/2016	7.02
31580	GRANITE	GRANITE ROCK, INC.	11/17/2016	917.51
31581	hansonbr	HANSON, BRIDGETT	11/17/2016	8,854.50
31582	HERNANDE	DOTTIE HERNANDEZ	11/17/2016	11.80
31583	HOMEDEPC	HOME DEPOT	11/17/2016	670.11
31584	IONCHRIS	CHRISTINA ION	11/17/2016	52.43
31585	JOEDOERR	JOE DOERR CONSTRUCTION	11/17/2016	1.00
31586	DAVIDSON	JOHN T. DAVIDSON	11/17/2016	4,563.43
31587	KILGOREC	CAITLIN KILGORE	11/17/2016	25.00
31588	KIMBALLM	KIMBALL MIDWEST	11/17/2016	356.80
31589	KOFFASSO	KOFF & ASSOCIATES INC	11/17/2016	2,640.00
31590	LAVRICHL	LESLEY LAVRICH	11/17/2016	54.50
31591	LEEASSOC	LEE & ASSOCIATES RESCUE	11/17/2016	4,400.00
31592	LINCOLNL	LINCOLN LIFE	11/17/2016	175.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
31593	LYNCHEIL	EILEEN LYNCH	11/17/2016	197.50
31594	LYNGSOMA	LYNGSO GARDEN MATERIAL INC	11/17/2016	96.47
31596	MIRRAJAS	JASON MIRRA	11/17/2016	2.53
31597	NOSAJDIS	NOSAJ DISPOSABLES, INC.	11/17/2016	314.20
31598	OFFICEDE	OFFICE DEPOT, INC.	11/17/2016	165.92
31599	OFFICTEM	OFFICE TEAM	11/17/2016	1,987.01
31600	PACOFFIC	PACIFIC OFFICE AUTOMATION	11/17/2016	2,832.38
31601	pakpour	PAKPOUR CONSULTING GROUP, INC	11/17/2016	16,535.26
31602	PENBLDG	PENINSULA BUILDING MATERIALS	11/17/2016	888.02
31603	PG&E	PG&E CFM/PPC DEPT	11/17/2016	357.52
31604	PRECISE	PRECISE, INC.	11/17/2016	12,606.18
31605	PROFORMA	PROFORMA	11/17/2016	1,865.60
31606	RECOLOGY	RECOLOGY SAN MATEO	11/17/2016	651.04
31607	REGISCON	REGIS CONTRACTOR	11/17/2016	55.20
31608	RICOHPHI	RICOH Philadelphia	11/17/2016	349.74
31609	RANDB	ROBERTS & BRUNE CO. INC.	11/17/2016	4,033.32
31610	RUDOCK	TAMMY RUDOCK	11/17/2016	101.00
31611	SAFETYCE	SAFETY CENTER, INC.	11/17/2016	100.00
31612	SCPAIN	SAN CARLOS PAINT & BODY	11/17/2016	73.97
31613	SMELECTI	SAN MATEO ELECTRONICS, INC.	11/17/2016	151.58
31614	SANCHEZC	CESAR SANCHEZ	11/17/2016	1,372.11
31615	SANDIEAR	SANDIE ARNOTT	11/17/2016	3,132.50
31616	SOCIALVO	SOCIAL VOCATIONAL SERVICES	11/17/2016	9.00
31617	STARNESS	SUSAN STARNES	11/17/2016	25.00
31618	STOIA BRO	STOIA BROS., INC.	11/17/2016	24.40
31619	STRUBLEM	MARTIN STRUBLE	11/17/2016	14.30
31620	HANNAGRC	THE HANNA GROUP	11/17/2016	437.50
31621	TURMANRC	ROBERT TURMAN	11/17/2016	18.60
31622	VALLEYOL	VALLEY OIL COMPANY	11/17/2016	1,003.19
31623	VANGUARE	VANGUARD CLEANING SYSTEMS, INC	11/17/2016	385.00
Total for 11/17/2016:				139,054.33
10	WFBUSCAR	WELLS FARGO BUSINESS CARD	11/18/2016	5,815.68
11	wfbuscar	WELLS FARGO BUSINESS CARD	11/18/2016	5,086.21
12	WFBUSCAR	WELLS FARGO BUSINESS CARD	11/18/2016	823.00
13	ICMACONT	ICMA contributions	11/18/2016	2,166.63
14	HEALTHEQ	Health Equity	11/18/2016	100.00
37	ADPPRFEE	ADP Payroll Fees	11/18/2016	2,481.20
Total for 11/18/2016:				16,472.72
38	CALPERS	CALPERS	11/21/2016	2,567.15
39	RETNITEM	Return Item Charge	11/21/2016	900.80
31624	ATT60197	AT&T 60197	11/21/2016	19.79
31625	BAAQMD	BAY AREA AIR QUALITY MGMT DIST.	11/21/2016	2,002.00
31626	CARLHARD	CARLMONT HARDWARE	11/21/2016	57.69
31627	CINTS	CINTAS CORPORATION	11/21/2016	752.52
31628	COMCAST	COMCAST	11/21/2016	260.47
31629	COMCASTB	COMCAST BUSINESS	11/21/2016	631.22
31630	CORNERST	CORNERSTONE STRUCTURAL ENGIN	11/21/2016	5,367.50
31631	DIXONLAN	LANCE DIXON	11/21/2016	1.00
31632	JAMESMAR	JAMES MARTA & COMPANY	11/21/2016	4,200.00
31633	DAVIDSON	JOHN T. DAVIDSON	11/21/2016	1,244.21
31634	MATCOTLS	MATCO TOOLS	11/21/2016	185.29
31635	OFFICEDE	OFFICE DEPOT, INC.	11/21/2016	182.05
31636	OFFICTEM	OFFICE TEAM	11/21/2016	1,086.42

Check No	Vendor No	Vendor Name	Check Date	Check Amount
31637	PACOFFIC	PACIFIC OFFICE AUTOMATION	11/21/2016	185.30
31638	PACWEST	PACIFIC WEST SECURITY, INC.	11/21/2016	1,423.69
31639	PAKPOUR	PAKPOUR CONSULTING GROUP, INC	11/21/2016	500.00
31640	PARS	PARS	11/21/2016	300.00
31641	PG&E	PG&E CFM/PPC DEPT	11/21/2016	4,963.37
31642	PINA	CANDY PINA	11/21/2016	40.00
31643	PRECISE	PRECISE, INC.	11/21/2016	2,135.00
31644	RUDOCK	TAMMY RUDOCK	11/21/2016	27.18
31645	SFWATER	SAN FRANCISCO WATER DEPT	11/21/2016	361,970.10
31646	STANDINS	STANDARD INSURANCE COMPANY	11/21/2016	780.01
Total for 11/21/2016:				391,782.76
31647	SEERAYMO	RAYMOND SEE	11/22/2016	1,000.00
Total for 11/22/2016:				1,000.00
40	ADPPRFEE	ADP Payroll Fees	11/25/2016	99.83
Total for 11/25/2016:				99.83
18	calpers	CALPERS	12/05/2016	7,180.95
19	ICMACONT	ICMA contributions	12/05/2016	666.24
20	HEALTHAQ	Health Equity	12/05/2016	734.58
21	calpers	CALPERS	12/05/2016	8,210.42
Total for 12/5/2016:				16,792.19
22	ICMACONT	ICMA contributions	12/06/2016	2,416.64
23	HEALTHAQ	Health Equity	12/06/2016	156.05
24	CALPERS	CALPERS	12/06/2016	2,567.15
25	WFBUSCAR	WELLS FARGO BUSINESS CARD	12/06/2016	3,487.47
26	WFBUSCAR	WELLS FARGO BUSINESS CARD	12/06/2016	585.67
31648	4THSTATE	4TH STATE, INC.	12/06/2016	50.04
31649	AWWA2997	AMERICAN WATER WORKS ASSOCIAT	12/06/2016	262.00
31650	ATT60197	AT&T 60197	12/06/2016	1,234.69
31651	BAWSCA	BAY AREA WATER SUPPLY & CONSER	12/06/2016	506.75
31652	BECKERMA	MARLA BECKER	12/06/2016	75.00
31653	BERTOLOZ	JOSEPH BERTOLOZZI	12/06/2016	125.00
31654	BUSSEJAM	JAMES BUSSE	12/06/2016	8.20
31655	CARLWOOL	CARLMONT WOODS II, LLC	12/06/2016	890.54
31656	CINTS	CINTAS CORPORATION	12/06/2016	757.56
31657	COLLINS	CINDY COLLINS	12/06/2016	9.80
31658	conelect	CONSOLIDATED ELECTRICAL DISTRI	12/06/2016	54.87
31659	CONTINEN	CONTINENTAL UTILITY SOLUTIONS	12/06/2016	1,500.00
31660	CORRALDC	DON CORRAL	12/06/2016	25.00
31661	COUNTYSM	COUNTY OF SAN MATEO	12/06/2016	5,665.00
31662	CUEVASJO	JOSEPH CUEVAS	12/06/2016	25.00
31663	EMERYROB	ROBERT EMERY	12/06/2016	68.12
31664	FIELDSCI	CINDY FIELDS	12/06/2016	1,491.37
31665	GUERRIER	AURELIE GUERRIERI	12/06/2016	225.00
31666	HACHCOMI	HACH COMPANY INC	12/06/2016	1,444.70
31667	HANSONBR	HANSON, BRIDGETT	12/06/2016	13,734.20
31668	HAYMANTA	TAM HAYMAN	12/06/2016	225.00
31669	HERITAGE	HERITAGE REALTY	12/06/2016	1.00
31670	JONASJEF	JEFFEY JONAH	12/06/2016	225.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
31671	KOFFASSO	KOFF & ASSOCIATES INC	12/06/2016	1,920.00
31672	KOSOVSKY	MICHAEL KOSOVSKY	12/06/2016	75.00
31673	KUPAUL	PAUL KU	12/06/2016	75.00
31674	LAWHERNE	DENNY LAWHERN	12/06/2016	143.94
31675	LEWCLIFF	CLIFFORD LEW	12/06/2016	150.00
31676	LINCOLNL	LINCOLN LIFE	12/06/2016	175.00
31677	MHN	MHN	12/06/2016	45.54
31678	ODONNELL	THERESA O'DONNELL	12/06/2016	15.80
31679	OFFICEDE	OFFICE DEPOT, INC.	12/06/2016	101.85
31680	OFFICTEM	OFFICE TEAM	12/06/2016	1,243.67
31681	PACIFGAS	PACIFIC GAS & ELECTRIC	12/06/2016	628.64
31682	PAINTERC	CHRIS PAINTER	12/06/2016	86.42
31683	PETTYCSH	PETTY CASH	12/06/2016	353.08
31684	PG&E	PG&E CFM/PPC DEPT	12/06/2016	2,750.68
31685	POLYAKOV	YANA POLYAKOVA	12/06/2016	150.00
31686	RJGORDON	R. J. GORDON CONSTRUCTION, INC.	12/06/2016	16,453.00
31687	RATTAIRE	MICHAEL RATTAIRE	12/06/2016	150.00
31688	RECOLOGY	RECOLOGY SAN MATEO	12/06/2016	651.04
31689	RICOHPHI	RICOH Philadelphia	12/06/2016	133.81
31690	ROAYCORY	CORY ROAY	12/06/2016	125.00
31691	SMENVIRN	SAN MATEO CO. ENVIRO. HEALTH	12/06/2016	321.00
31692	SANDIEAR	SANDIE ARNOTT	12/06/2016	3,132.50
31693	SCHWABBL	BLANE SCHWAB	12/06/2016	9.00
31694	SHENNELS	NELSON SHEN	12/06/2016	24.76
31695	SOCIALVS	SOCIAL VOCATIONAL SERVICES	12/06/2016	20.62
31696	STANGAMY	AMY STANG	12/06/2016	25.00
31697	TOYALLEN	ALLEN TOY	12/06/2016	75.00
31698	VANGUARE	VANGUARD CLEANING SYSTEMS, INC	12/06/2016	385.00
31699	VERIZON	VERIZON WIRELESS	12/06/2016	981.69
31700	WEIKAI	KAI WEI	12/06/2016	3.36
31701	WONGWILT	WILTON WONG	12/06/2016	125.00
31702	XIOINC	XIO, INC.	12/06/2016	808.00
Total for 12/6/2016:				69,155.22
Report Total (168 checks):				654,725.59



AGENDA ITEM NO. 5.C.

DATE: December 15, 2016
TO: Board of Directors
FROM: Tammy Rudock, General Manager

SUBJECT: APPROVE REVISED ANNUAL PLANNING SCHEDULE FOR BOARD OF DIRECTORS

RECOMMENDATION

Approve revised Annual Planning Schedule for Board of Directors.

FISCAL IMPACT

None.

DISCUSSION

Staff added several regulatory reporting requirements to the Board’s annual planning schedule to ensure the MPWD’s compliance. They included:

JANUARY: Required Statement of Facts, Roster of Public Agencies Filing, should be completed and transmitted to the Secretary of State and County regarding verification of the governing body and its members and officers (CA Government Code § 53051). Post to website.

FEBRUARY: Required Harassment Prevention training for supervisors and elected officials every two years (AB 1825 and AB 1661).

AUGUST: Required Annual Report on Fiscal Year Reimbursements over \$100 to Employees and post to website (CA Government Code § 53065.5).

Required Catalog of Enterprise Systems annual review and update as necessary and post to website (SB 272).

OCTOBER: Required Ethics training for Form 700 officers and elected officials. (AB 1234).

Staff added in SEPTEMBER “Review of MPWD Personnel Manual.”

Finally, staff moved the NOVEMBER “BAWSCA Report” to DECEMBER, because of the earlier Board meeting date in November.

Attachment: Annual Planning Schedule for Board of Directors

BOARD ACTION: APPROVED:____ DENIED:____ POSTPONED:____ STAFF DIRECTION:____
UNANIMOUS____ ZUCCA____ WARDEN____ STUEBING____ VELLA____ LINVILL____

ANNUAL PLANNING SCHEDULE FOR BOARD OF DIRECTORS

MONTH	ACTIVITIES
JANUARY	<ol style="list-style-type: none"> 1. Special meeting to consider and develop annual Strategic Plan, including Mission/Vision/Strategic Goal Statements and Director Assignments. 2. Annual water awareness calendar contest award presentations. 3. Receive BAWSCA report. 4. Closed Session: Complete General Manager annual performance evaluation. 5. Required Statement of Facts, Roster of Public Agencies Filing, to be completed and transmitted to the Secretary of State and County of San Mateo regarding verification of the governing body and its members and officers (CA Government Code § 53051). Post to website.
FEBRUARY	<ol style="list-style-type: none"> 1. Approve annual Strategic Plan. Post to website. 2. Receive mid-year review of current fiscal year Operating and Capital Budgets and consider/approve the Amended Budgets. Post to website. 3. Required Harassment Prevention training for supervisors and elected officials to be completed every two years (AB 1825 and AB 1661).
MARCH	<ol style="list-style-type: none"> 1. Consider preliminary revenue requirements and proposed water rate adjustments. 2. Discuss preliminary DRAFT Operating Budget for next fiscal year. 3. Discuss preliminary DRAFT Capital Budget for next fiscal year. 4. Receive BAWSCA report.
APRIL	<ol style="list-style-type: none"> 1. Special meeting for water rates workshop. 2. Approve water rate adjustments effective July 1st. (Required 30-day notice to ratepayers.) 3. Review working DRAFT Operating Budget for next fiscal year. 4. Review working DRAFT Capital Budget for next fiscal year. 5. Approve General Manager annual performance assessment process and tool.
MAY	<ol style="list-style-type: none"> 1. Consider final DRAFT Operating Budget for next fiscal year. 2. Consider final DRAFT Capital Budget for next fiscal year. 3. Receive BAWSCA report.
JUNE	<ol style="list-style-type: none"> 1. Adopt fiscal year Operating Budget. Post to website. 2. Adopt fiscal year Capital Budget. Post to website.

JULY	<ol style="list-style-type: none"> 1. Establish Appropriations Limit applicable to the MPWD during fiscal year. 2. Consider/Approve budgeted annual professional services agreements. 3. Consider/Approve living wage adjustment for MPWD Employees Association (through September 2018). 4. Receive BAWSCA report.
AUGUST	<ol style="list-style-type: none"> 1. Receive progress report on annual Strategic Plan. 2. California law requires that the MPWD review and update its Conflict of Interest Code every even-numbered year. 3. Required Annual Report on Fiscal Year Reimbursements over \$100 to Employees. Post to website (CA Government Code § 53065.5). 4. Required Catalog of Enterprise Systems annual review and update as necessary. Post to website (SB 272).
SEPTEMBER	<ol style="list-style-type: none"> 1. Receive General Manager's MPWD annual progress report for fiscal year end. 2. Receive BAWSCA report. 3. Review MPWD Personnel Manual (including meet and confer with MPWD Employees Association) and update as necessary. Post to website.
OCTOBER	<ol style="list-style-type: none"> 1. Receive annual financial audit report for fiscal year end. Post to website. 2. Required Ethics training for Form 700 officers and elected officials to be completed. (AB 1234).
NOVEMBER	<ol style="list-style-type: none"> 1. Consider/Approve annual Board meeting schedule. Post to website. 2. Receive annual PARS OPEB trust account performance review and confirm investment strategy.
DECEMBER	<ol style="list-style-type: none"> 1. Election of officers (followed by reception). 2. Schedule annual January strategic planning special meeting. 3. Receive BAWSCA report. 4. Closed Session: Conference with General Manager regarding annual performance evaluation.



AGENDA ITEM NO. 7.A.

DATE: December 15, 2016
 TO: Board of Directors
 FROM: Tammy Rudock, General Manager

SUBJECT: MPWD CAPITAL IMPROVEMENT PROGRAM (CIP): OVERVIEW OF SALE – CERTIFICATES OF PARTICIPATION FOR CIP FINANCING – PRESENTED BY WULFF, HANSEN & COMPANY, MUNICIPAL FINANCE ADVISOR

RECOMMENDATION:

Receive overview of sale – Certificates of Participation for CIP Financing – presented by Wulff, Hansen & Company, MPWD’s Municipal Finance Advisor.

FISCAL IMPACT:

None.

DISCUSSION:

Ben “Bud” Levine and Edmund Viray of Wulff, Hansen & Company will present an overview of the sale on December 7, 2016 of COPs for the MPWD’s CIP financing.

It was a competitive bidding process and there were seven (7) bidders that submitted proposals. Citigroup Group Markets, Inc., proposed the lowest TIC (True Interest Cost) and most responsive bid. The bid results were as follows:

BIDDER NAME	TIC
Citigroup Global Markets, Inc.	3.641519
Raymond James & Associates, Inc.	3.785952
Morgan Stanley & Company, LLC	3.799735
Robert W. Baird & Company, LLC	3.809602
Bank of America Merrill Lynch	3.852592
Wells Fargo Bank, National Association	3.934999
Hutchinson, Shockey, Erley & Company	3.996422

The required \$200,000 good faith deposit has been received by the MPWD’s Trustee.

The Certificate of Award and Good Faith Deposit Custody Agreement signed on December 7th are attached for information.

Attachments: Certificate of Award; Good Faith Deposit Custody Agreement

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____ LINVILL_____

\$18,570,000
CERTIFICATES OF PARTICIPATION
 (2016 Financing Project)
 Evidencing the Direct, Undivided Fractional Interests of the
 Owners Thereof in Installment Payments to be Made by the
MID-PENINSULA WATER DISTRICT
 (San Mateo County, California)
 As the Purchase Price for Certain Property Pursuant to an
 Installment Sale Agreement with the
 Public Property Financing Corporation of California

CERTIFICATE OF AWARD

I, Tammy A. Rudock, General Manager of the Mid-Peninsula Water District (the "District"), solely in my official and not in my personal capacity, hereby certify with respect to the award of the captioned certificates of participation (the "Certificates") as follows:

1. On December 7, 2016, the proposals for purchase of the Certificates, summarized on Exhibit A attached hereto, were received in accordance with the Official Notice of Sale for the Certificates (the "Official Notice of Sale"), conducted electronically through the I-Deal LLC BiDCOMP/PARITY® system.

2. The Certificates are hereby awarded to Citigroup Global Markets Inc. (the "Purchaser") for a purchase price computed as follows:

\$18,570,000.00	Principal Amount of Certificates
938,447.30	Plus: Original Issue Premium
(114,426.48)	Less: Purchaser's Discount
<u>\$19,394,020.82</u>	PURCHASE PRICE

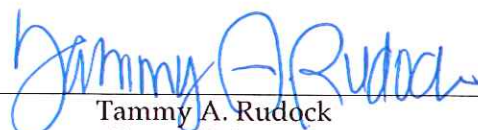
The Purchaser's proposal is the best bid as determined by the method of calculation for such bids in compliance with the Official Notice of Sale.

3. The proposal submitted by the Purchaser was in compliance with all of the terms and conditions set forth in the Official Notice of Sale.

4. All proposals set forth in Exhibit A other than said accepted bid of the Purchaser are hereby rejected.

Dated: December 7, 2016

MID-PENINSULA WATER DISTRICT

By 
 Tammy A. Rudock
 General Manager

10:01:43 a.m. PDST

Upcoming Calendar

Overview

Compare

Summary

Bid Results

**Mid-Peninsula Wtr Dt
\$20,000,000 Certificates of Participation (2016 Financing
Project)**

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	Citigroup Global Markets Inc.	3.641519
<input type="checkbox"/>	Raymond James & Associates, Inc.	3.785952
<input type="checkbox"/>	Morgan Stanley & Co, LLC	3.799735
<input type="checkbox"/>	Robert W. Baird & Co., Inc.	3.809602
<input type="checkbox"/>	Bank of America Merrill Lynch	3.852592
<input type="checkbox"/>	Wells Fargo Bank, National Association	3.934999
<input type="checkbox"/>	Hutchinson, Shockey, Erley & Co.	3.996422

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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\$18,570,000
CERTIFICATES OF PARTICIPATION
(2016 Financing Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Installment Payments to be Made by the
MID-PENINSULA WATER DISTRICT
(San Mateo County, California)
As the Purchase Price for Certain Property Pursuant to an
Installment Sale Agreement with the
Public Property Financing Corporation of California

GOOD FAITH DEPOSIT CUSTODY AGREEMENT

This Agreement, dated December 7, 2016, has been entered into by and between the MID-PENINSULA WATER DISTRICT (the "District") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Custodian"). The District has appointed the Custodian to act as custodian for monies received by the District as "good faith deposit" in accordance with the terms of the Official Notice of Sale with respect to the sale of the above-captioned certificates of participation (the "Certificates"). This Agreement sets out the terms and conditions of said appointment.

The District and the Custodian agree as follows:

1. The Custodian has received from Citigroup Global Markets Inc., the purchaser of the Certificates, a good faith deposit of \$200,000. The Custodian shall deposit the funds in a custody account (the "Good Faith Funds Deposit Account") established with the Custodian.
2. The Custodian shall hold and invest the funds in accordance with the written instructions of the District. The Custodian shall not be liable for the selection of investments or for investment losses incurred thereon. The Custodian may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the District. Absent written instructions, the Custodian shall hold funds uninvested.
3. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmation of security transactions as they occur, at no additional cost, the District specifically waives receipt of such confirmations to the extent permitted by law.
4. On December 21, 2016, the date of delivery of the Certificates, the Custodian shall transfer all amounts in the Good Faith Funds Deposit Account as specified in that certain Indenture of Trust, dated as of December 1, 2016, by and between the District and the Custodian, as trustee.
5. This Agreement will terminate upon delivery of the Certificates or earlier, as the District shall direct the Custodian in writing.
6. Any balances remaining in this account upon termination shall be withdrawn and transferred to or as directed by the District.

7. The liability of the Custodian is limited to the duties as specifically set forth in this Agreement, which shall be redeemed purely ministerial in character, and no implied covenants or obligations shall be read into this Agreement against the Custodian. The Custodian will not be liable for any action taken or omitted to be taken by it under this Agreement or in connection herewith except to the extent caused by the Custodian's gross negligence or willful misconduct. Anything in this Agreement to the contrary notwithstanding, in no event shall the Custodian be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action.

8. None of the provisions of this Agreement shall require the Custodian to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Custodian may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Custodian may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel. The Custodian may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

9. The Custodian shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Custodian, or another method or system specified by the Custodian as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Custodian an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Custodian Instructions using Electronic Means and the Custodian in its discretion elects to act upon such Instructions, the Custodian's understanding of such Instructions shall be deemed controlling. The District understand and agree that the Custodian cannot determine the identity of the actual sender of such Instructions and that the Custodian shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Custodian have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Custodian and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Custodian shall not be liable for any losses, costs or expenses arising directly or indirectly from the Custodian's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Custodian, including without limitation the risk of the Custodian acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Custodian and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions

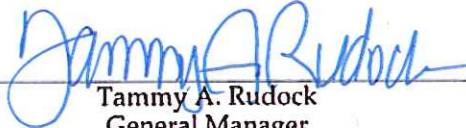
provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Custodian immediately upon learning of any compromise or unauthorized use of the security procedures.

10. To the extent permitted by law, the District hereby agrees to indemnify and hold harmless the Custodian and its officers, directors, agents, and employees from and against any and all costs, claims, liabilities, losses, or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of this Agreement, except costs, claims, liabilities, losses, or damages resulting from the gross negligence or willful misconduct of the Custodian including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties hereunder and of enforcing this indemnification provision. The indemnifications set forth herein shall survive the termination of this Agreement and/or the resignation or removal of the Custodian.

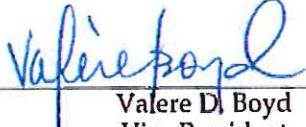
11. This Agreement shall be governed under the laws of the state of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers thereunto duly authorized.

MID-PENINSULA WATER DISTRICT

By 
Tammy A. Rudock
General Manager

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Custodian

By 
Valere D. Boyd
Vice President



AGENDA ITEM NO. 7.B.

DATE: December 15, 2016
 TO: Board of Directors
 FROM: Tammy Rudock, General Manager

SUBJECT: REVIEW MPWD PARS OPEB TRUST ACCOUNT INVESTMENT STRUCTURE AND PERFORMANCE, AND CONSIDER RESOLUTION 2016-22 APPROVING INVESTMENT PORTFOLIO FOR THE PARS OPEB TRUST ACCOUNT

RECOMMENDATION

Receive program overview of the PARS (Public Agency Retirement Services) OPEB (Other Post-Employment Benefits) trust account, investment structure, and performance, and approve Resolution 2016-22 approving the investment portfolio for the PARS OPEB trust account.

FISCAL IMPACT

The investment strategy initially selected on May 16, 2011 for the MPWD PARS OPEB trust account was the Moderately Conservative HighMark PLUS. The investment objective is to “provide current income with moderate capital appreciation.”

Since 2011, the Board has reviewed the program annually and confirmed the retention of the Moderately Conservative HighMark PLUS investment strategy for the trust account.

The Moderately Conservative HighMark PLUS objective includes the following:

- Allocation Target – 29.8% stocks, 66.3% bonds, 4% cash
- Large Cap 13.9%, Mid Cap 2.2%, Small Cap 5.4%, International 6.9%

MPWD PARS OPEB ACCOUNT SUMMARY

ACTION	AS OF 09/30/16	AS OF 09/30/15	AS OF 09/30/14
ROI PROGRESS	For the 12-month period the MPWD’s net ROI was 7.15%. The YTD performance was 5.8%. Since the trust account’s inception, the MPWD’s net ROI: 5.65%.	For the 12-month period the MPWD’s net ROI was .42%. The YTD performance was -.94%. Since the trust account’s inception, the MPWD’s net ROI: 5.29%.	For the 12-month period the MPWD’s net ROI was 5.85%. The YTD (Year to Date— January 1 through September 30) performance was 2.96%. Since the trust account’s inception (performance start date of 09/01/11), the MPWD’s net ROI: 6.92%.
INITIAL CONTRIBUTION	\$81,159	\$81,159	\$81,159

ACTION	AS OF 09/30/16	AS OF 09/30/15	AS OF 09/30/14
TOTAL ADDITIONAL CONTRIBUTIONS	\$503,256	\$304,422	\$247,497
TOTAL CONTRIBUTIONS	\$584,415	\$385,581	\$328,656
DISBURSEMENTS	\$0	\$0	\$0
TOTAL INVESTMENT EARNINGS	\$97,392	\$58,264	\$57,807
ACCOUNT BALANCE	\$677,462	\$440,908	\$384,538

DISCUSSION

Staff met with the PARS OPEB investment team on November 7, 2016.

The MPWD's OPEB Trust team consists of:

- PARS – Trust Administrator and Consultant;
- US Bank – Trustee; and
- HighMark Capital Investment – Investment Manager.

Combined, these organizations have 48 years of OPEB experience. The team administers 1,400 plans for 700 public agencies, including more than 250 OPEB/Pension client agencies.

On August 25, 2016, the Board received the GASB 45 Valuation as of July 1, 2015 prepared by Demsey Filliger & Associates (DFA) and dated July 23, 2016. (An actuarial valuation is required every three years.)

DFA determined the amount of actuarial liability for the MPWD-paid retiree healthcare benefits is \$3,627,044 as of July 1, 2015.

The DFA report included a 5.5% ROI.

SUMMARY OF DFA ACTUARIAL RESULTS

Active Participants:	18
Retirees:	4
Total Plan Members:	22
Active Average Age:	48.78
Average Service Years:	12.39
Retiree Average Age:	75

ACTUARIAL RESULTS	07/01/15 @ 5.5% ROI DFA Valuation	12/26/13 @ 5.9% ROI (for comparison)	09/19/13 @ 7% ROI (for comparison)
Present Value of Future Benefits	\$3,627,044	\$2,344,400	\$2,226,500
Actuarial Accrued Liability (AAL)	\$2,452,610	\$1,807,700	\$1,517,700
Assets	\$ 432,917	\$ 257,000	\$ 257,000
Unfunded AAL	\$2,019,693	\$1,550,700	\$1,260,700
Amortization of Unfunded AAL	\$ 138,966	\$ 82,800	\$ 76,200
Normal Cost	\$ 120,462	\$ 63,800	\$ 48,200
Annual Required Contribution (ARC)	\$ 259,429	\$ 146,600	\$ 124,400

Jennifer Meza, Senior Client Services Coordinator from PARS will present a review of the MPWD OPEB Trust Account and progress.

Andrew Bates, CFA, Vice President and Portfolio Manager from HighMark Capital Management will report on the MPWD's portfolio investment performance.

The following PARS investment portfolio options are attached for the Board's consideration:

- Conservative;
- Moderately Conservative;
- Moderate;
- Balanced; and
- Capital Appreciation.

PARS PENSION RATE STABILIZATION PROGRAM (PRSP)

As reported last year, this program is available to the MPWD and would provide an opportunity for pre-funding pension in a combined trust similar to the OPEB trust account and other benefits:

- Potential for greater return than LAIF;
- Lowers Net Pension Liability for GASB 68 reporting;
- Helps offset pension rate increases or possible underperformance by CalPERS;
- Access money at any time to pay down pension obligations;
- No cost to set up; and
- Assets aggregate with OPEB assets to possibly qualify for lower fees in tiered schedule.

If an opportunity of "excess cash" avails itself, staff will present a recommendation for the Board's consideration to initiate the MPWD's participation in this program. As of June 30, 2015, the MPWD's pension plan was 78.6% funded, which is respectable. Its unfunded liability totals \$1.1 million.

Attachments: Resolution 2016-22
OPEB Prefunding Trust Program Client Review by PARS (November 2017)
HighMark Capital Management PARS Investment Portfolio Options

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____ LINVILL_____

RESOLUTION NO. 2016-22

**APPROVING THE INVESTMENT PORTFOLIO
FOR THE MPWD PARS OPEB TRUST ACCOUNT**

* * *

MID-PENINSULA WATER DISTRICT

WHEREAS, the Mid-Peninsula Water District ("MPWD") initiated an OPEB (Other Post Employment Benefits) trust account with PARS (Public Agency Retirement Services) in August of 2011; and

WHEREAS, in 2011 the MPWD selected as its investment strategy the PARS Moderately Conservative HighMark PLUS portfolio; and

WHEREAS, after review and consideration of its investment strategy and performance at its November 16, 2015, regular meeting the Board adopted Resolution 2015-20 approving retention of the PARS Moderately Conservative HighMark PLUS investment portfolio for the MPWD OPEB trust account; and

WHEREAS, the MPWD PARS OPEB trust account investment strategy and performance was reviewed and considered by the Board of Directors at its regular meeting on December 15, 2016.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Mid-Peninsula Water District hereby approves the retention of the PARS Moderately Conservative HighMark PLUS investment portfolio for the MPWD OPEB trust account.

REGULARLY PASSED AND ADOPTED this 15th day of December 2016, by the following vote:

AYES:

NOES:

ABSENT:

President, Board of Directors
Mid-Peninsula Water District

ATTEST:

District Secretary

OPEB Prefunding Trust Program Client Review



Mid-Peninsula Water District

December 15, 2016

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



Contacts

PARS




Mitch Barker, Executive Vice President
mbarker@pars.org; 800.540.6369 ext. 116

Jennifer Meza, CEBS, Senior Client Services Coordinator
jmeza@pars.org; 800.540.6369 ext. 141

HighMark Capital Management

Andrew Bates, CFA, Vice President, Portfolio Manager
andrew.bates@highmarkcapital.com; 415-705-7579

OPEB Trust Team

	 PARS		
Role	Trust Administrator and Consultant <ul style="list-style-type: none"> • Recordkeeping/Sub-trust accounting • Actuarial Coordination • Monitor Contributions/ Process Disbursements • Monitor Plan Compliance <ul style="list-style-type: none"> • Ongoing Client Liaison • Pre-fund Pension Option 	Trustee <ul style="list-style-type: none"> • Safeguard plan assets • Oversight protection <ul style="list-style-type: none"> • Plan Fiduciary • Custodian of assets 	Investment Manager <ul style="list-style-type: none"> • An investment sub-advisor to U.S. Bank <ul style="list-style-type: none"> • Open architecture • Investment policy assistance
Corporate Experience	32 years <i>(1984 – 2016)</i>	153 years <i>(1863 – 2016)</i>	97 years <i>(1919 – 2016)</i>
OPEB Experience	20 years	10 years	18 years
Number of plans under administration	1,400 plans for 700 public agencies		
Dollars under administration	More than \$2 billion	More than \$4 trillion	More than \$15.3 billion under management

Plan Overview

Type of Plan: IRC Section 115 Irrevocable Exclusive Benefit Trust

Trustee Approach: Discretionary

Plan Effective Date: April 28, 2011

Plan Administrator: Candy Pina - District Secretary/Administrative Service Manager

Current Investment Strategy: Moderately Conservative HM Plus (Active)

-Selected 5/16/2011

As of 9/30/2016:

Initial Contribution: August 2011 - \$81,159

Additional Contributions: \$503,256

Total Contributions: \$584,415

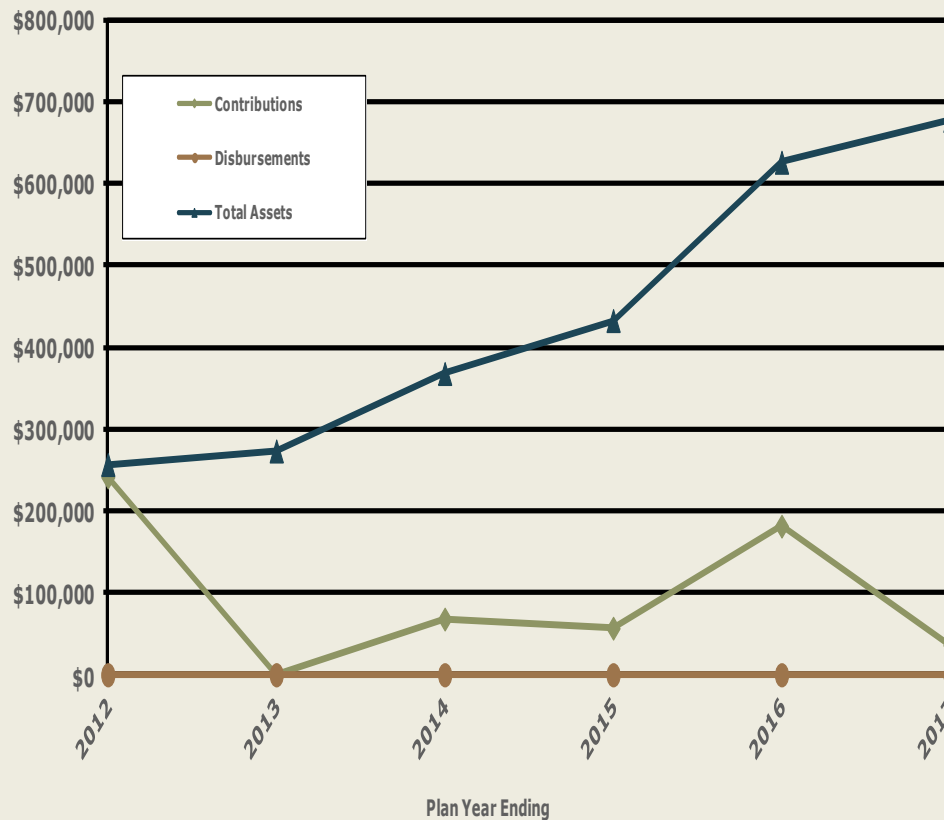
Disbursements: \$0

Total Investment Earnings: \$97,392

Account Balance: \$677,462

Summary of the Plan Activity

Mid-Peninsula Water District
Total Assets, Contributions & Disbursements



Plan Y/E	Contributions	Disbursements	Total Assets
Jun -12	\$241,627	\$0	\$257,032
Jun -13	\$0	\$0	\$273,541
Jun -14	\$68,054	\$0	\$368,264
Jun -15	\$56,925	\$0	\$432,917
Jun -16	\$181,575	\$0	\$626,357
Jun -17*	\$36,234	\$0	\$677,462

* Plan Year Ending June 2017 is based on 3 months of activity through 9/30/2016.

Actuarial Results

We have received the actuarial reports prepared by Demsey, Filliger & Associates with a valuation date of July 1, 2015. In the tables below, we have summarized the results.

Demographic Study

	July 1, 2015 Valuation
Active Participants	18
Retirees	4
Total Plan Members	22

Actuarial Results (continued)

	July 1, 2015 Valuation 5.50% Discount Rate
Present Value of Future Benefits (PVFB)	\$3,627,044
Actuarial Accrued Liability (AAL)	\$2,452,610
Assets	\$432,917
Unfunded AAL	\$2,019,693
Amortization of Unfunded AAL	138,966
Normal Cost	120,462
Annual Required Contribution (ARC)	\$259,428
Estimated Annual Benefit Payments	\$69,608†

† Fiscal Year 2017

Investment Review

PARS: Mid-Peninsula Water District

Third Quarter 2016

**Presented by
Andrew Bates, CFA**

DISCUSSION HIGHLIGHTS – Mid-Peninsula Water District

Investment objective – Moderately Conservative HM Plus

Asset Allocation (As of 9-30-2016)

- Allocation Target: 29.8% stocks (20-40% range), 66.3% bonds (50-80% range), 4% cash (0-20% range)
- Large cap 13.9%, mid-cap 2.2%, small cap 5.4%, international 6.9%

Performance

(as of 9-30-2016) gross of investment management fees, net of fund fees

- 3-months: 2.42%
- 1 year: 7.15%
- Since Inception 5.65%
- Bonds – rate volatility has increased in front of Fed rate hike
- Stocks
 - US Small/Mid cap have outperformed large recently
 - International markets have showed signs of life, EM leads

12-Month Changes

- Overweight to Value
- Sold FEZ – Euro Stoxx 50 ETF
- Sold High Yield
- Added Prudential Total Return Bond Fund
- Replaced Columbia Small Cap Value Fund with Undiscovered Managers Behavior Value Fund

Outlook

- Continue focus on the FED and monetary policy – 1 rate hike in De. 2017 expected
- Global macro economic uncertainty – Brexit, Europe, China, Commodities, US election
- Oil rebound, where from here?
- Market volatility will continue – Portfolio positioned accordingly

Selected Period Performance
PARS/PRHCP MOD CONSERV HM PLUS
Account 6746019203
Period Ending: 09/30/2016

Sector	3 Months	Year to Date (9 Months)	1 Year	3 Years	4 Years	Since Inception (61 Months)
Cash Equivalents	.06	.19	.21	.08	.07	.06
<i>iMoneyNet, Inc. Taxable</i>	<i>.03</i>	<i>.08</i>	<i>.09</i>	<i>.04</i>	<i>.04</i>	<i>.03</i>
Total Fixed Income	.92	5.80	5.59	3.50	2.52	3.46
<i>BC US Aggregate Bd Index</i>	<i>.46</i>	<i>5.80</i>	<i>5.19</i>	<i>4.03</i>	<i>2.57</i>	<i>3.18</i>
Total Equities	6.20	6.59	11.60	6.82	10.25	10.91
Large Cap Funds	6.12	5.27	12.19	9.46	12.68	13.61
<i>S&P 500 Composite Index</i>	<i>3.85</i>	<i>7.84</i>	<i>15.43</i>	<i>11.16</i>	<i>13.15</i>	<i>14.43</i>
Mid Cap Funds	4.37	10.03	12.88	6.49	10.72	11.45
<i>Russell Midcap Index</i>	<i>4.52</i>	<i>10.26</i>	<i>14.25</i>	<i>9.70</i>	<i>13.99</i>	<i>14.08</i>
Small Cap Funds	7.54	9.89	13.60	8.33	14.46	14.94
<i>Russell 2000 Index</i>	<i>9.05</i>	<i>11.46</i>	<i>15.47</i>	<i>6.71</i>	<i>12.12</i>	<i>12.87</i>
REIT Funds	-1.58	9.09	9.46			
<i>Wilshire REIT Index</i>	<i>-1.21</i>	<i>9.75</i>	<i>17.94</i>	<i>14.34</i>	<i>12.00</i>	<i>12.90</i>
International Equities	7.51	5.90	8.59	.72	2.96	2.56
<i>MSCI EAFE Index</i>	<i>6.43</i>	<i>1.73</i>	<i>6.52</i>	<i>.47</i>	<i>5.85</i>	<i>5.17</i>
<i>MSCI EM Free Index</i>	<i>9.03</i>	<i>16.02</i>	<i>16.78</i>	<i>-.56</i>	<i>-.18</i>	<i>-.16</i>
Total Managed Portfolio	2.42	5.80	7.15	4.43	4.76	5.65

Account Funded Date: 08/18/2011, Performance Start Date: 09/01/2011

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns.

Securities are not FDIC insured, have no bank guarantee, and may lose value.

ASSET ALLOCATION – Mid-Peninsula Water District

As of August 31, 2016

Current Asset Allocation		Investment Vehicle	
Equity		Range: 20%-40%	29.78%
Large Cap Core	SMGIX	Columbia Contrarian Core Cl Z	3.26%
Large Cap Value	DODGX	Dodge & Cox Stock Fund	3.32%
	LSGIX	Loomis Sayles Value Fund	3.31%
Large Cap Growth	HACAX	Harbor Capital Appreciation Instl	1.98%
	PRUFX	T. Rowe Price Growth Stock Fund I	1.99%
Mid Cap Core	IWR	iShares Russell MidCap Index Fund	1.60%
Mid Cap Value	IWS	iShares Russell MidCap Value Fund	0.60%
Small Cap Value	UBVLX	Undiscovered Mgrs Behavioral Value Inst	3.33%
Small Cap Growth	PRJIX	T. Rowe Price New Horizons Fund I	2.11%
International Core	NWHMX	Nationwide Bailard Intl Equities I	2.53%
International Value	DODFX	Dodge & Cox International Stock Fund	1.39%
International Growth	MQGIX	MFS International Growth Fund	1.39%
Emerging Markets	SEMNX	Schroder Emerging Market Equity	1.57%
Real Estate	FARCX	Nuveen Real Estate Securities I	1.40%
Fixed Income		Range: 50%-80%	66.26%
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	5.60%
Intermediate-Term	NWJIX	Nationwide HighMark Bond Fund Inst	29.15%
	PTTRX	PIMCO Total Return Instl Fund	15.74%
	PTRQX	Prudential Total Return Bond Fund Class Q	15.77%
Cash		Range: 0%-20%	3.97%
	FGZXX	First American Government Oblig Z	3.97%
TOTAL			100.00%

Mid-Peninsula Water District

For Period Ending September 30, 2016

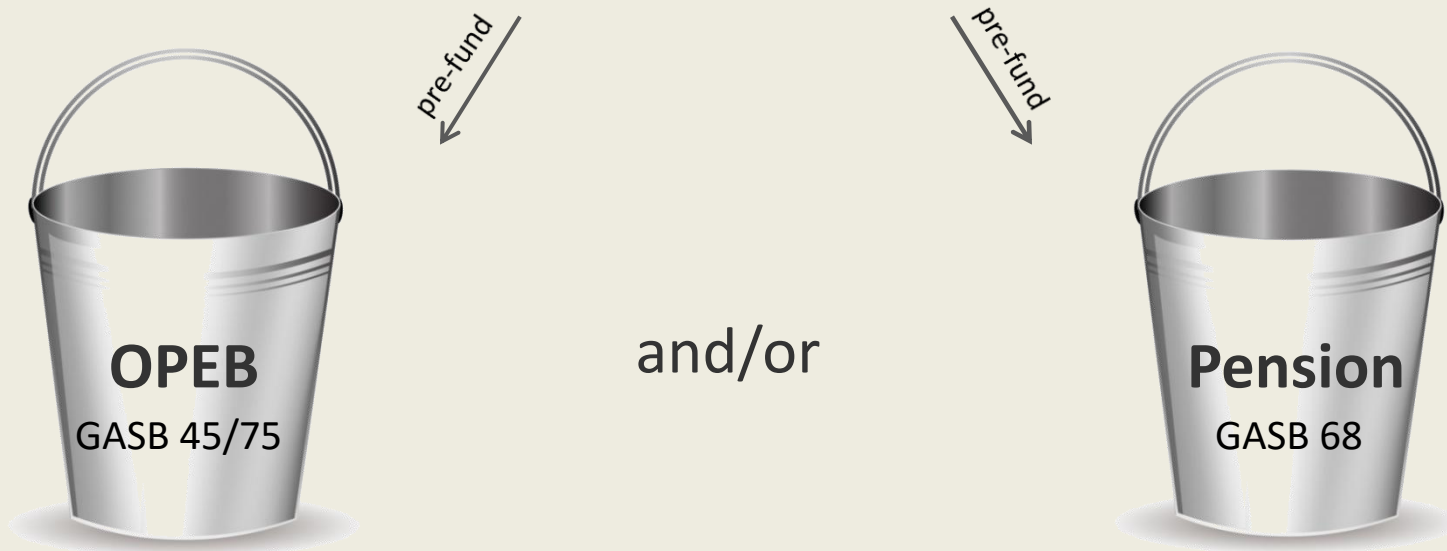
LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core CI Z	0.00	4.27	6.65	14.97	11.09	17.42	9.48
Dodge & Cox Stock	1.19	8.79	9.55	14.53	8.91	17.10	5.52
Harbor Capital Appreciation Instl	1.93	8.16	0.89	9.05	11.28	15.99	8.68
Loomis Sayles Value Fund	-0.81	3.07	4.57	9.92	7.15	15.16	6.08
T. Rowe Price Growth Stock	1.77	7.88	1.47	10.25	11.11	17.41	8.63
S&P 500 Index	0.02	3.85	7.84	15.43	11.16	16.37	7.24
MID CAP EQUITY FUNDS							
iShares Russell MidCap Value Fund	0.41	4.39	13.50	17.01	10.24	17.12	7.71
Russell Mid Cap Value Index	0.42	4.45	13.72	17.26	10.49	17.38	7.89
iShares Russell MidCap Index Fund	0.19	4.45	10.09	14.04	9.51	16.48	8.16
SMALL CAP EQUITY FUNDS							
Undiscovered Mgrs Behavioral Value Inst	-0.03	7.21	11.68	17.66	10.51	20.65	9.34
T. Rowe Price New Horizons Fund I	0.90	7.77	8.76	14.37	9.45	18.96	11.55
Russell 2000 Index	1.11	9.05	11.46	15.47	6.71	15.82	7.07
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox Intl Stock	0.03	10.15	4.74	5.62	0.06	8.17	2.88
Nationwide Bailard Intl Equities I	0.89	4.87	0.76	4.99	2.71	8.93	2.81
MFS International Growth I	1.21	6.48	8.71	12.81	2.22	8.39	4.49
MSCI EAFE Index	1.23	6.43	1.73	6.52	0.48	7.39	1.82
Schroder Emerging Market Equity	2.43	10.28	16.25	16.92	-0.43	4.25	4.51
MSCI Emerging Markets Index	1.29	9.03	16.02	16.78	-0.56	3.03	3.94
REAL ESTATE FUNDS							
Nuveen Real Estate Securities I	-1.56	-1.41	9.99	18.50	13.94	15.52	7.18
BOND FUNDS							
Nationwide HighMark Bond Fund Inst	0.01	0.66	6.76	5.83	4.10	3.76	5.13
Pimco Total Return Inst'l	0.37	1.24	5.18	5.69	3.51	4.18	5.98
Prudential Total Return Bond Q	-0.03	1.41	8.08	7.27	5.33	5.14	6.37
Vanguard Short-Term Investment-Grade Adm	0.12	0.57	3.67	3.39	2.42	2.56	3.56
BarCap US Aggregate Bond	-0.06	0.46	5.80	5.19	4.03	3.08	4.79

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.



PARS IRS-Approved Combination 115 Trust



- Assets are sub-accounted for separately
- Pre-fund one now and the other later
- Addresses unfunded liabilities
- Can choose different investment risk tolerance levels for each

- Can access funds at anytime; OPEB for OPEB and pension for pension
- Assets (OPEB and Pension) aggregate and reach lower fees on tiered schedule sooner – saving money!
- No cost to set up; no fees until assets are added

Actuarial Results

In response to the lack of options, PARS developed a Section 115 Trust program to enable public agencies to prefund retirement obligations through a locally controlled trust.

As of June 30, 2015, Mid-Peninsula Water District's pension plan is as follows:

Actuarial Liability	\$5.4 M
Assets	\$4.3 M
Unfunded Liability	\$1.1 M
Funded Ratio	78.6%
Total Employer Contribution Amount for FYE 2017	\$213,992

Pension Rate Stabilization Program (PRSP)

- PARS worked with Marcus Wu from Pillsbury Winthrop and Shaw to develop a Section 115 trust to pre-fund retirement system obligations exclusively for California. Favorable Private Letter Ruling (PLR) determination from the IRS received June 2015
- Fifty-two (52) CA public agencies have adopted our program thus far:

Cities & Towns

City of Brea	City of Rohnert Park
City of Capitola	City of Santa Ana
City of Chino Hills	City of Sausalito
City of Coronado	City of Solana Beach
City of Fullerton	City of Upland
City of Half Moon Bay	City of Yuba City
City of Healdsburg	Town of Colma
City of Huntington Beach	Town of Tiburon
City of La Mesa	
City of Lake Forest	
City of Lodi	
City of Morgan Hill	
City of Napa	
City of Rancho Cucamonga	

Educational Districts

Grossmont-Cuyamaca CCD
 Hartnell CCD
 Victor Valley CCD
 Yosemite CCD
 Corning Union ESD
 Bass Lake Joint Union ESD
 Calistoga Joint USD
 San Marino USD
 Hesperia Unified SD
 Lakeside Union SD
 Lemon Grove SD
 Natomas USD
 Ocean View SD
 Ontario-Montclair SD
 Placer Union SD
 Whittier City SD

Counties

County of Humboldt
 County of Riverside
 County of San Benito
 County of Solano
 County of Sutter

Special Districts

Delta Diablo (Sanitation District)
 El Dorado Hills County Water District
 Fallbrook Public Utility District
 Great Basin Unified APCD
 Rancho Cucamonga Fire PD
 Superior Court of CA - County of Kern
 Twentynine Palms Water District
 West Bay Sanitary District

Summary:

Why Prefund Pension in a Separate Trust?

1. Local control of reserve funds
2. Potential for greater return than general fund
3. Addresses liability for GASB 68 — started in 2015
4. Helps offset pension rate increases or underperformance by retirement system
5. Assets (OPEB and Pension) will aggregate and reach lower fees on tiered schedule sooner – saving money!
6. Can use these funds for pension obligations at anytime
7. Can choose less aggressive investment strategy than retirement system
8. No downside to prefunding pension (other than market volatility)

PARS DIVERSIFIED PORTFOLIOS
CONSERVATIVE

Q3 2016

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

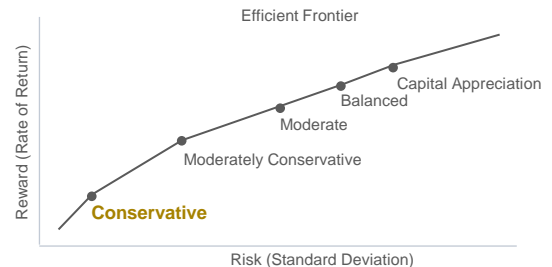
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	79%
Cash	0 – 20%	5%	6%

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

HighMark Plus (Active)

Current Quarter*	1.57%
Blended Benchmark**	1.15%
Year To Date*	5.79%
Blended Benchmark*	5.09%
1 Year	6.20%
Blended Benchmark	5.50%
3 Year	3.88%
Blended Benchmark	3.80%
5 Year	4.98%
Blended Benchmark	4.09%
10 Year	4.68%
Blended Benchmark	4.19%

Index Plus (Passive)

Current Quarter*	1.10%
Blended Benchmark**	1.15%
Year To Date*	5.45%
Blended Benchmark*	5.09%
1 Year	5.79%
Blended Benchmark	5.50%
3 Year	3.79%
Blended Benchmark	3.80%
5 Year	4.42%
Blended Benchmark	4.09%
10 Year	4.25%
Blended Benchmark	4.19%

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

ANNUAL RETURNS

HighMark Plus (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%

Index Plus (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Data	07/2004
No of Funds in Portfolio	19

Index Plus (Passive)

Inception Data	07/2004
No of Funds in Portfolio	13

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

SAMPLE HOLDINGS

HighMark Plus (Active)

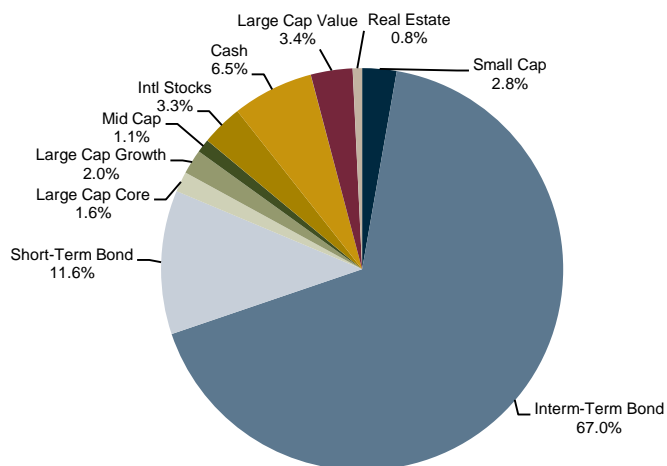
Columbia Contrarian Core Z
 T. Rowe Price Growth Stock
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 Nationwide Bailard International Equities
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 Loomis Sayles Value Y
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 Harbor Capital Appreciation
 Schroder Emerging Market Equity
 Dodge & Cox Stock
 Nuveen Real Estate Securities I
 Undiscovered Managers Behavioral Value

Index Plus (Passive)

iShares S&P 500
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
 iShares MSCI EAFE
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 iShares Barclays Aggregate Bond
 Vanguard Short-Term Invest-Grade Adm
 First American Government Obligations Z
 Vanguard FTSE Emerging Markets ETF
 Vanguard REIT ETF

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

STYLE



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

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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

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

HIGHMARK CAPITAL MANAGEMENT

350 California Street
 Suite 1600
 San Francisco, CA 94104
 800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.4 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

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

Andrew Bates, CFA®

Portfolio Manager
 Investment Experience: since 2008
 HighMark Tenure: since 2015
 Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
 Investment Experience: since 2004
 HighMark Tenure: since 2014
 Education: BA, Colgate University

J. Keith Stribling, CFA®

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

Christiane Tsuda

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

Anne Wimmer, CFA®

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

Asset Allocation Committee

Number of Members: 16
 Average Years of Experience: 25
 Average Tenure (Years): 12

Manager Review Group

Number of Members: 8
 Average Years of Experience: 18
 Average Tenure (Years): 6

PARS DIVERSIFIED PORTFOLIOS
MODERATELY CONSERVATIVE

Q3 2016

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

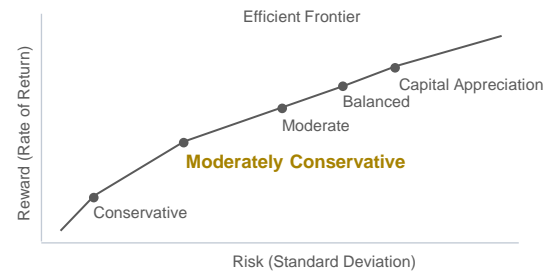
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Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	30%
Fixed Income	50 - 80%	65%	66%
Cash	0 - 20%	5%	4%

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

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	2.40%	Current Quarter*	1.79%
Blended Benchmark**	1.87%	Blended Benchmark**	1.87%
Year To Date*	5.89%	Year To Date*	6.34%
Blended Benchmark*	5.97%	Blended Benchmark*	5.97%
1 Year	7.28%	1 Year	7.50%
Blended Benchmark	7.35%	Blended Benchmark	7.35%
3 Year	4.48%	3 Year	4.73%
Blended Benchmark	4.83%	Blended Benchmark	4.83%
5 Year	6.67%	5 Year	6.19%
Blended Benchmark	6.06%	Blended Benchmark	6.06%
10 Year	5.10%	10 Year	4.69%
Blended Benchmark	4.81%	Blended Benchmark	4.81%

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

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	19	No of Funds in Portfolio	13

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

SAMPLE HOLDINGS

HighMark Plus (Active)

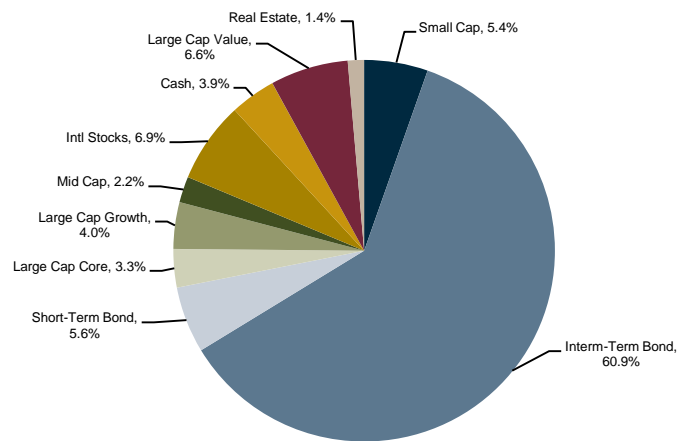
Columbia Contrarian Core Z
 T. Rowe Price Growth Stock
 T. Rowe Price New Horizons
 Nationwide Baird International Equities
 Nationwide HighMark Bond
 Vanguard Short-Term Invest-Grade Adm
 Loomis Sayles Value Y
 PIMCO Total Return
 Dodge & Cox International Stock
 MFS International Growth I
 First American Government Obligations Z
 Prudential Total Return
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Harbor Capital Appreciation
 Schroder Emerging Market Equity
 Dodge & Cox Stock
 Nuveen Real Estate Securities I
 Undiscovered Managers Behavioral Value

Index Plus (Passive)

iShares S&P 500
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
 iShares MSCI EAFE
 iShares Russell Mid-Cap ETF
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 Vanguard REIT ETF

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

STYLE



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

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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

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

HIGHMARK CAPITAL MANAGEMENT

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ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.4 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

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

Andrew Bates, CFA®

Portfolio Manager

Investment Experience: since 2008

HighMark Tenure: since 2015

Education: BS, University of Colorado

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 25

Average Tenure (Years): 12

Manager Review Group

Number of Members: 8

Average Years of Experience: 18

Average Tenure (Years): 6

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

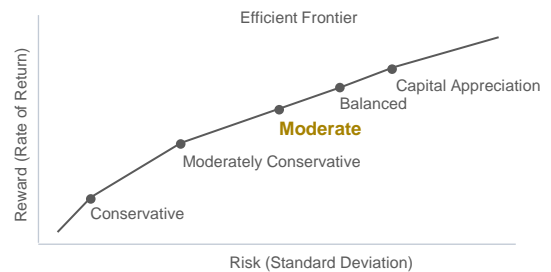
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	49%
Fixed Income	40 - 60%	45%	47%
Cash	0 - 20%	5%	4%

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

HighMark Plus (Active)

Current Quarter*	3.44%
Blended Benchmark**	2.81%
Year To Date*	6.23%
Blended Benchmark*	6.73%
1 Year	8.60%
Blended Benchmark	9.42%
3 Year	5.17%
Blended Benchmark	5.91%
5 Year	8.51%
Blended Benchmark	8.53%
10 Year	5.18%
Blended Benchmark	5.44%

Index Plus (Passive)

Current Quarter*	2.69%
Blended Benchmark**	2.81%
Year To Date*	6.77%
Blended Benchmark*	6.73%
1 Year	9.02%
Blended Benchmark	9.42%
3 Year	5.45%
Blended Benchmark	5.91%
5 Year	8.35%
Blended Benchmark	8.53%
10 Year	5.35%
Blended Benchmark	5.44%

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

ANNUAL RETURNS

HighMark Plus (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%

Index Plus (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Date	10/2004
No of Funds in Portfolio	19

Index Plus (Passive)

Inception Date	05/2006
No of Funds in Portfolio	13

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SAMPLE HOLDINGS

HighMark Plus (Active)

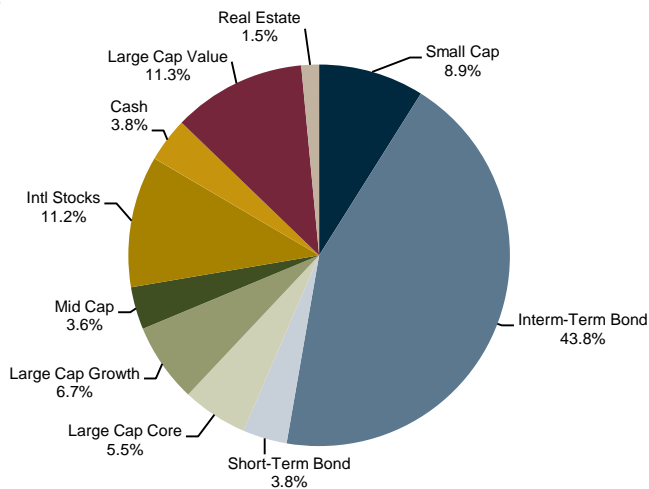
Columbia Contrarian Core Z
 T. Rowe Price Growth Stock
 T. Rowe Price New Horizons
 Nationwide Bailard International Equities
 Nationwide HighMark Bond
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 Loomis Sayles Value Y
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 Dodge & Cox International Stock
 MFS International Growth I
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 Dodge & Cox Stock
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 Undiscovered Managers Behavioral Value

Index Plus (Passive)

iShares S&P 500
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
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STYLE



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Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

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

Andrew Bates, CFA®

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Investment Experience: since 2008

HighMark Tenure: since 2015

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Education: BA, Stetson University

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Senior Portfolio Manager

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Anne Wimmer, CFA®

Senior Portfolio Manager

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Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 25

Average Tenure (Years): 12

Manager Review Group

Number of Members: 8

Average Years of Experience: 18

Average Tenure (Years): 6

WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

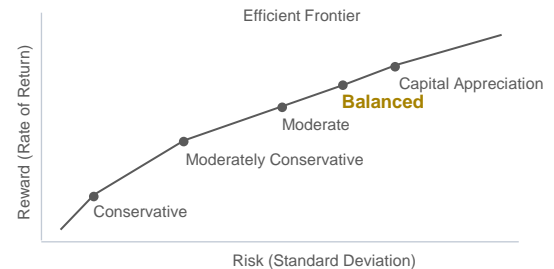
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	38%
Cash	0 – 20%	5%	4%

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

HighMark Plus (Active)

Current Quarter*	3.98%
Blended Benchmark**	3.28%
Year To Date*	6.17%
Blended Benchmark*	7.11%
1 Year	8.97%
Blended Benchmark	10.46%
3 Year	5.40%
Blended Benchmark	6.46%
5 Year	9.55%
Blended Benchmark	9.81%
Inception to Date (120 Mos.)	5.02%
Blended Benchmark	5.67%

Index Plus (Passive)

Current Quarter*	3.14%
Blended Benchmark**	3.28%
Year To Date*	7.11%
Blended Benchmark*	7.11%
1 Year	9.97%
Blended Benchmark	10.46%
3 Year	5.88%
Blended Benchmark	6.46%
5 Year	9.43%
Blended Benchmark	9.81%
Inception to Date (108-Mos.)	4.49%
Blended Benchmark	5.02%

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

ANNUAL RETURNS

HighMark Plus (Active)

2008	-25.72%
2009	21.36%
2010	14.11%
2011	-0.46%
2012	13.25%
2013	16.61%
2014	4.70%
2015	0.04%

Index Plus (Passive)

2008	-23.22%
2009	17.62%
2010	12.76%
2011	1.60%
2012	11.93%
2013	15.63%
2014	6.08%
2015	-0.81%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Data	10/2006
No of Funds in Portfolio	19

Index Plus (Passive)

Inception Data	10/2007
No of Funds in Portfolio	13

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

SAMPLE HOLDINGS

HighMark Plus (Active)

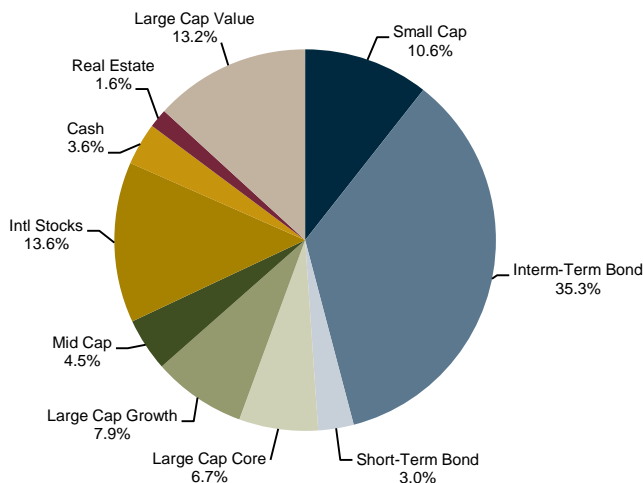
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 Vanguard REIT ETF

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

STYLE



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The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of September 30, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 25

Average Tenure (Years): 12

Manager Review Group

Number of Members: 8

Average Years of Experience: 18

Average Tenure (Years): 6

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

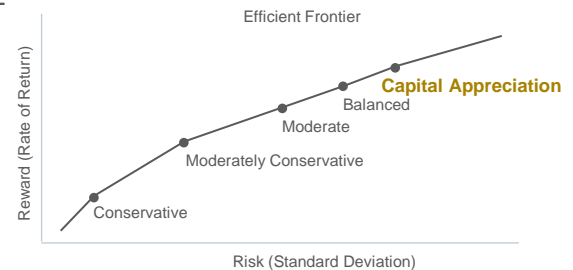
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	72%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	4%

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

Current Quarter*	4.12%
Blended Benchmark**	4.03%
Year To Date*	6.88%
Blended Benchmark*	7.52%
1 Year	10.61%
Blended Benchmark	11.83%
3 Year	6.36%
Blended Benchmark	7.02%
5 Year	10.81%
Blended Benchmark	11.31%
Inception to Date (93-Mos.)	10.29%
Blended Benchmark	11.15%

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

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	19	No of Funds in Portfolio	13

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

SAMPLE HOLDINGS

HighMark Plus (Active)

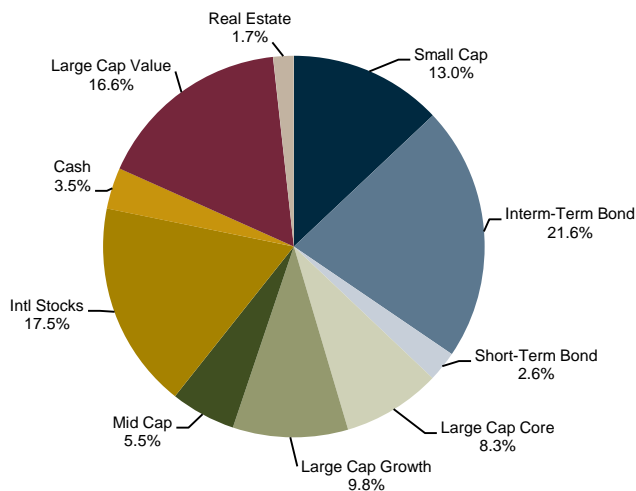
Columbia Contrarian Core Z
 T. Rowe Price Growth Stock
 T. Rowe Price New Horizons
 Nationwide Baird International Equities
 Nationwide HighMark Bond
 Vanguard Short-Term Invest-Grade Adm
 Loomis Sayles Value Y
 PIMCO Total Return
 Dodge & Cox International Stock
 MFS International Growth I
 First American Government Obligations Z
 Prudential Total Return
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Harbor Capital Appreciation
 Schroder Emerging Market Equity
 Dodge & Cox Stock
 Nuveen Real Estate Securities I
 Undiscovered Managers Behavioral Value

Index Plus (Passive)

iShares S&P 500
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
 iShares MSCI EAFE
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 iShares Barclays Aggregate Bond
 Vanguard Short-Term Invest-Grade Adm
 First American Government Obligations Z
 Vanguard FTSE Emerging Markets ETF
 Vanguard REIT ETF

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

STYLE



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

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AGENDA ITEM NO. 7.C.

DATE: December 15, 2016
TO: Board of Directors
FROM: Tammy Rudock, General Manager

SUBJECT: SCHEDULE MPWD STRATEGIC PLANNING SPECIAL MEETING IN JANUARY 2017

RECOMMENDATION

Schedule the MPWD Strategic Planning Special Meeting in January 2017.

FISCAL IMPACT

None.

DISCUSSION

The MPWD Board of Directors traditionally schedules a Special Meeting in January for its annual strategic planning. The meeting begins at 6:00PM and dinner is served. It was held this year on Tuesday, January 21, 2016.

In the coming year, the MPWD regular Board meeting is scheduled for Thursday, January 26, 2017. Consultant Julie Brown will facilitate the strategic planning meeting and process. Staff has confirmed that she is best available on Thursday, January 12, 2017, and staff recommends that date for the meeting.

Other dates Ms. Brown is available: January 17, 2017, and January 18, 2017.

For advance preparation, the MPWD's 2017 Strategic Plan is available at:
http://www.midpeninsulawater.org/uploads/MPWD_BoardStrategicPlan_2016.pdf

BOARD ACTION: APPROVED:_____ DENIED:_____ POSTPONED:_____ STAFF DIRECTION:_____

UNANIMOUS_____ ZUCCA_____ WARDEN_____ STUEBING_____ VELLA_____ LINVILL_____



TO: Board of Directors
FROM: Tammy A. Rudock
General Manager
DATE: December 15, 2016

MANAGER'S REPORT

FOLLOW-UP FROM 11/16/16 REGULAR BOARD MEETING:

The Financial Audit for FYE June 30, 2016 was posted to the website and transmitted to the necessary regulatory agencies.

The Municipal Finance Advisor, Bond Counsel, and staff finalized the CIP financing sale documents for competitive bidding at the sale of COPs (Certificates of Participation) scheduled for December 7, 2016.

The 2017 Board Meeting Schedule was posted at the MPWD website.

SFPUC WATER SUPPLY BLEND CHANGE – WATER QUALITY UPDATE

MPWD staff received several calls for the past couple of weeks from customers about taste and odor concerns as a result of SFPUC's late November water supply change blend change. Routine operational changes were necessary in the regional water system and the SFPUC reduced its use of Hetch Hetchy water supply and included water supply from the San Antonio Reservoir in the East Bay (treated at the Sunol Water Treatment Plant). After thorough testing and investigation the SFPUC determined it was a dissolved compound called Geosmin that was the culprit. Geosmin is a natural byproduct of blue green algae in the water.

The SFPUC has brought its Harry Tracy Water Treatment Plant online to begin diluting the Geosmin in the drinking water supply and alleviate the taste and odor issues.

Rick Bisio visited with customers and assured them that the water was safe to drink. We posted information on the website. We posted updates on NextDoor and included the SFPUC website link to its Water Quality FAQs, which are attached for reference.

WATER CONSERVATION PROGRESS – SUMMARY REPORT

Per the Board's direction last month, the MPWD monthly progress report on water conservation progress will be condensed to summary bullet points:



The report due December 15th to the SWRCB was timely submitted. November's total water consumption was 75,607 units, the lowest use for November since 1964. The reduction (compared with November 2013) measured -29.0%.



Last month's R-GPCD was 63.0 (as compared to November 2013 R-GPCD of 86.7).



Cumulative water reduction equals 23.7% for 2016 (compared to 2013).



There were no water waste complaints last month. The total number of water waste complaints through November 30, 2016 was 23.

AB 1234 – ETHICS TRAINING

Reminder: Please complete the required ethics training, which we coordinated online at the FPPC website by December 31st.

AB 1661 – SEXUAL HARASSMENT PREVENTION TRAINING

Effective September 29, 2016, the requirement every two years for sexual harassment prevention training now extends to local agency officials receiving compensation or stipends, which would now include Directors. Supervisorial staff at the MPWD has been required to attend sexual harassment prevention training every two years under AB 1825. Actually, I have included all staff members in the training for enhanced awareness and loss prevention. Assembly Bill 1661 is attached for reference.

The ACWA JPIA has an online training course and I will be sending out information soon about it to staff and Directors. If the Directors would prefer live training, staff can coordinate it. I recently completed the ACWA JPIA sexual harassment prevention session during the JPIA annual conference. February 28, 2017 is the MPWD deadline for staff to be trained, so, we would like to get everyone on that same schedule for ease in administration.

ACWA JPIA PRESIDENT'S SPECIAL RECOGNITION AWARD

The MPWD was presented with this recognition during the recent annual conference in Anaheim. It was awarded to the MPWD "for achieving a low ratio of *Paid Claims and Case Reserves to Deposit Premiums* in the Liability Program for the period 10/01/2012 through 09/30/2015."

HOLIDAY CLOSURES

The MPWD Administration, Customer Services, and Field Operations will be closed on the following official holidays:

- Friday, December 23, 2016, and Monday, December 26, 2016 in observance of Christmas; and
- Friday, December 30, 2016, and Monday, January 2, 2016 in observance of the New Year.

On-call staff will be available for service interruptions and emergencies. Customers may contact the MPWD's 24-hour answering service at 650-591-8941.

3-MONTH “LOOK AHEAD” FOR BOARD MEETINGS

JANUARY 2017

- SPECIAL MEETING:
 - Annual strategic planning session, including MPWD Mission/Vision/Strategic Goals statements and Director Assignments.
- REGULAR MEETING:
 - Present annual water awareness calendar contest awards.
 - Discuss potential for consultant review of MPWD commercial water rates.
 - Receive BAWSCA report.
 - Consider Reimbursement Agreement between the MPWD and the California High-Speed Rail Authority.
 - Required Statement of Facts, Roster of Public Agencies Filing, to be completed and transmitted to the Secretary of State and County of San Mateo regarding verification of the governing body and its members and officers (CA Government Code § 53051). Post to website.
 - Closed Session: Complete General Manager annual performance evaluation.

FEBRUARY 2017

- Approve 2017 Strategic Plan.
- Receive mid-year review of current fiscal year Operating and Capital Budgets and consider/approve Amended Budgets (as needed).
- Discuss DRAFT debt management policy.
- Discuss DRAFT policy for pay-go capital program.
- Required Harassment Prevention training for supervisors and elected officials to be completed every two years (AB 1825 and AB 1661).

MARCH 2017

- Consider preliminary revenue requirements and proposed water rate adjustments for FY 2017/2018.
- Discuss preliminary DRAFT Operating Budget for FY 2017/2018.
- Review proposed updated MPWD Miscellaneous Fees.
- Consider proposed Board Bylaws.
- Receive BAWSCA report.

MEETINGS

DATE	EVENT
November 10 th	Attended safety session with staff and facilitated GM rap session.
November 15 th	Participated in field trip at MPWD with staff.
November 16 th	Meeting with Julie Brown and staff to coordinate True Colors LUNCH AND LEARN staff training session. Met with John Davidson to coordinate schedule for onsite visit.
November 17 th	Participated in conference call with staff and defense counsel in <i>Maskay, Inc. d/b/a Eurotech, et al. v. MPWD</i> . Lunch meeting with Westborough WD GM to introduce John Davidson and share MPWD public outreach and website accomplishments.
November 18 th	Participated in JPIA Leadership Essentials Webinar – Session One. Participated in conference call with District Counsel, District Engineer, and staff regarding potential claims on Alameda de las Pulgas Water Main Replacement Project.
November 21 st	Telephone interview with CHS Biotech Institute student partnered with me in the mentoring program.
November 22 nd	Participated with all staff in True Colors LUNCH AND LEARN staff training session.
November 27 th – December 2 nd	Attended ACWA JPIA Fall Conference in Anaheim, including hosted dinners with EKI Consulting Engineers and Hanson Bridgett LLP.
December 5 th	Met with Board ad hoc committee for GM Performance Evaluation and discussed 2016 accomplishments, self-appraisal, and procedures for annual GM performance review.
December 6 th	Met with District Engineer and staff regarding coordination of water main replacement projects with City of Belmont sewer main replacement projects in 2016.
December 7 th	Viewed online competitive bidding process for sale of COPs for MPWD CIP financing, and awarded to Citigroup Global Markets, Inc. Enjoyed annual GM rib-eye steak luncheon with staff and white elephant gift exchange.
December 8 th	Attended safety session with staff and facilitated GM rap session.
December 9 th	Participated in JPIA Leadership Essentials Webinar – Session Two.

UPCOMING MEETINGS/EVENTS

BAWSCA Water Management Meeting (Foster City): January 5, 2016

HIA Meeting (Belmont): January 5, 2017

ACWA JPIA 2017 Spring Conference & Exhibition (Monterey): May 9-12, 2017

Water Quality FAQ

December 8, 2016

Water Quality Issues

The SFPUC is aware that customers in San Francisco and throughout our service area started to report taste and odor issues with their tap water on Thursday, December 1st.

We understand that there continues to be a reported "earthy/musty" taste to the water. We test your water hundreds of times per day, and the results show that the water meets all water quality standards and is safe to drink. The purpose of this fact sheet is to explain the source of these issues.

Where does your water come from?

On average, 85% of the water we provide to you, our customers, comes from the Hetch Hetchy Reservoir. The rest of the water we supply comes from local Bay Area reservoirs. All of our reservoirs deliver high-quality water to 2.6 million customers throughout the Bay Area. As part of normal operations, our customers receive both local reservoir water and Hetch Hetchy water.

Why does your water taste different now?

The week of November 28th, our operators made routine operational changes to the system to bring local reservoir water levels down in anticipation of rains. This included taking water out of San Antonio Reservoir in the East Bay, and treating it at our Sunol Valley Water Treatment Plant. We also reduced the flow of water coming from Hetch Hetchy Reservoir. That operational activity stirred up sediments in the pipeline. Complaints tracked the flow of the sediments, San Antonio algae levels were extremely low, and standard odor tests were normal. Thus, the pipeline sediment was believed to be the initial source of the taste and odor issues.

Recent chemical testing in the system has shown the presence of a dissolved compound called Geosmin that is a natural byproduct of blue green algae in the water. Geosmin is found in foods like fish, grapes, wine, and beets. This dissolved compound is not harmful from a public health standard. However, this compound can cause taste and odor issues in the drinking water supply, even if there are extremely small amounts of it in the water (parts per trillion). Parts per trillion is like one drop in 20 Olympic swimming pools for 3 seconds in 100,000 years.

Geosmin has been detected at our Sunol Valley Water Treatment Plant, which has been a source of supply for our customers. That is what our current data indicates as the source of these taste and odor issues.

Why do some people notice and others don't?

Some people are more sensitive to the taste than others. Also, concentrations of Geosmin in drinking water vary upon location within the system, temperature (heat makes the odor more pronounced), and travel time of water within the system.

What are we doing about it?

We have brought our Harry Tracy Water Treatment Plant online, which should begin to dilute the Geosmin in the drinking water supply and alleviate the taste and odor issues. We are performing more tests on the system and will cease taking water from San Antonio Reservoir today. We also will do all that we can to move this water through the system as quickly as possible.

With these measures we anticipate that the taste and odor issues should begin to dissipate. When precisely this will happen will vary greatly upon system demand and where the customer is located within the system. It could take a week or so for it to work its way through.

Why did it take so long to identify the source of the taste and odor?

When we received the complaints, we started our standard water quality tests for odor. These repeated tests did not identify the source. Because we continued to receive calls, we began to perform detailed chemical analysis of the water to identify the issue. That is when we detected Geosmin in the water.

This is not a common time of year for algae-related taste and odor issues. Usually these occur in the warmer months when the right combination of sunlight and nutrients stimulate an algae bloom. We take regular water samples at the reservoirs and usually see these blooms appear as they are occurring. In this case, limnology reports did not show an algae bloom (extremely low levels of blue green algae)

at the reservoir, which is why this took so long to identify Geosmin. The first test results came in the evening of December 7th, and now we are acting on them.

Is your water safe to drink?

Your water meets or exceeds all regulatory requirements. We will be posting data from the water quality testing we are conducting related to this event.

What is Blue Green Algae?

Algae are microscopic phytoplankton that live in water bodies. They are present in all reservoirs that are uncovered and untreated. They are present in all of our Bay Area Reservoirs: San Antonio and Calaveras in the East Bay, and Crystal Springs, San Andreas and Pilarcitos on the Peninsula. They are present in all natural water bodies.

Algae phytoplankton are part of a healthy water ecosystem and do not present any water quality issues. The blue green algae are removed from the water at one of two water filter plants in our system – Sunol Valley Water Treatment Plant in the East Bay, and Harry Tracy Water Treatment Plant on the Peninsula. The water treatment processes at these plants remove all of the phytoplankton in the water. However, some of the types of blue green algae (there are many types) leave behind metabolites, or dissolved compounds, in the water. One of those metabolites is called Geosmin. It is this dissolved compound that sometimes presents differences in the taste and odor of drinking water. And Geosmin has been detected in the water supply in this case.

Are people getting sick from drinking this water?

If anyone isn't feeling well, we and the San Francisco Department of Public Health encourage you to see your physician. We cannot provide you with individual information about your health.

What we can say is that there is no clinical evidence, and it is extensive, that Geosmin causes any health effects. Here is a statement from the San Francisco Department of Public Health:

“Earthy or musty tastes and odors are the result of an algal bloom. Although PUC's modern treatment plants remove algae, the presence of compounds related to algae will remain in the water. The metabolites that remain may result in earthy or musty tastes and odors in the water. The two most common metabolites found are geosmin and 2-methylisoborneol (MIB). The human senses of taste and smell are extremely sensitive and can detect them in the water at concentrations as low as 5 parts per trillion. These compounds are harmless to humans and pose no health risk when water containing them is consumed or when exposed to their odor.”

Nancy Sarieh

Public Information Specialist

Communications Office | San Francisco Department of Public Health

What can we do to prevent this in the future?

We continue to be vigilant about testing the drinking water. This winter algae taste and odor issue is extremely uncommon, and was not the expected source of this issue. Now that we know it can happen, we will test for these naturally occurring dissolved chemicals in the water supply, in addition to the extensive routine testing that we already do.

Whom can you call for more information?

If you are concerned about your health, please contact your personal doctor. If you have questions about your water, please call 3-1-1.

What can you do to address the taste and odor?

Use of a certified carbon filter does reduce the taste and odor issues. In addition, just as you put lemon on fish when you cook it, lemon in your drinking water also alleviates the Geosmin smell.

SHARE THIS PAGE

Assembly Bill No. 1661

CHAPTER 816

An act to add Article 2.4.5 (commencing with Section 53237) to Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code, relating to local government.

[Approved by Governor September 29, 2016. Filed with
Secretary of State September 29, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1661, McCarty. Local government: sexual harassment prevention training and education.

Existing law requires all local agency officials to receive training in ethics, at specified intervals, if the local agency provides any type of compensation, salary, or stipend to those officials. Existing law also requires any civil or political subdivision of the state and all cities to provide at least 2 hours of training and education regarding sexual harassment to all supervisory employees, as specified.

This bill would additionally require local agency officials, as defined, to receive sexual harassment prevention training and education if the local agency provides any type of compensation, salary, or stipend to those officials, and would allow a local agency to require employees to receive sexual harassment prevention training or information. The bill would also require an entity that develops curricula to satisfy this requirement to consult with the city attorney or county counsel regarding the sufficiency and accuracy of that proposed content.

The people of the State of California do enact as follows:

SECTION 1. Article 2.4.5 (commencing with Section 53237) is added to Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code, to read:

Article 2.4.5. Sexual Harassment Prevention Training and Education

53237. For the purposes of this article, the following terms have the following meanings:

(a) "Local agency" means a city, county, city and county, charter city, charter county, charter city and county, or special district.

(b) "Local agency official" means any member of a local agency legislative body and any elected local agency official.

53237.1. (a) If a local agency provides any type of compensation, salary, or stipend to a local agency official of that agency, then all local agency officials of that agency shall receive sexual harassment prevention training and education pursuant to this article. A local agency may also require any of its employees to receive sexual harassment prevention training and education pursuant to this article.

(b) Each local agency official, or employee who is so required, shall receive at least two hours of sexual harassment prevention training and education within the first six months of taking office or commencing employment, and every two years thereafter.

(c) An entity that develops curricula to satisfy the requirements of this section shall consult with the city attorney or county counsel regarding the sufficiency and accuracy of that proposed content. An entity is permitted to include local sexual harassment prevention training and education policies in the curricula.

(d) The training and education required by this section shall include information and practical guidance regarding the federal and state statutory provisions concerning the prohibition against, and the prevention and correction of, sexual harassment and the remedies available to victims of sexual harassment in employment. The training and education shall also include practical examples aimed at instructing the local agency official in the prevention of sexual harassment, discrimination, and retaliation, and shall be presented by trainers or educators with knowledge and expertise in the prevention of sexual harassment, discrimination, and retaliation.

(e) A local agency or an association of local agencies may offer one or more training courses, or sets of self-study materials with tests, to meet the requirements of this section. These courses may be taken at home, in person, or online.

(f) All providers of training courses shall provide participants with proof of participation to meet the requirements of this article.

(g) A local agency shall provide a recommendation on training available to meet the requirements of this article to its local agency officials and its employees at least once in written form before assuming a new position and every two years thereafter.

(h) A local agency official who serves more than one local agency shall satisfy the requirements of this article once every two years without regard to the number of local agencies he or she serves.

53237.2. (a) A local agency that requires its local agency officials or employees to complete the sexual harassment prevention training and education prescribed by this article shall maintain records indicating both of the following:

(1) The dates that local agency officials or employees satisfied the requirements of this article.

(2) The entity that provided the training.

(b) Notwithstanding any other law, a local agency shall maintain these records for at least five years after local agency officials or employees receive the training. These records are public records subject to disclosure

under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

53237.5. The requirements of this article are in addition to any other law requiring similar or related training, and nothing in this article shall be construed to supersede the requirements of Section 12940 or 12950.1.

SEC. 2. The Legislature finds and declares that all employees should have the same opportunity to work in a safe and harassment-free environment and therefore, sexual harassment prevention training and education for all local agency officials is a matter of statewide concern and not merely a municipal affair, as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this act shall apply to charter cities, charter counties, and charter cities and counties. The Legislature finds and declares that there have been incidents in which the employees of local governments have been sexually harassed by their colleagues. The Legislature further finds and declares that the harassment of local government employees by their colleagues can be prevented if local governments provide training and educating to their employees.

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Mid-Peninsula Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Liability Program for the period 10/01/2012 - 09/30/2015
announced at the Board of Directors' Meeting in Anaheim.*



November 28, 2016

E. G. "Jerry" Gladbach
E. G. "Jerry" Gladbach, President



TO: Board of Directors
 FROM: Candy Pina
 DATE: December 15, 2016

ADMINISTRATIVE SERVICES MANAGER'S REPORT

CONFERENCES, TRAINING, & MEETINGS:

- 1) Jeanette Kalabolas: 11/30/16 – AWWA Water Loss Tap Wave 2 Webinar
- 2) Jeanette Kalabolas: 12/06/16 – BAWSCA Water Resources Committee Meeting
- 3) Jeanette Kalabolas: 12/06/16 – CUWCC Plenary Webinar
- 4) Candy Pina: 12/19-21/16 – Meeting with Springbrook on Extended Budgeting

FINANCIAL REPORTING:

- 1) Schedule of Cash and Investments:

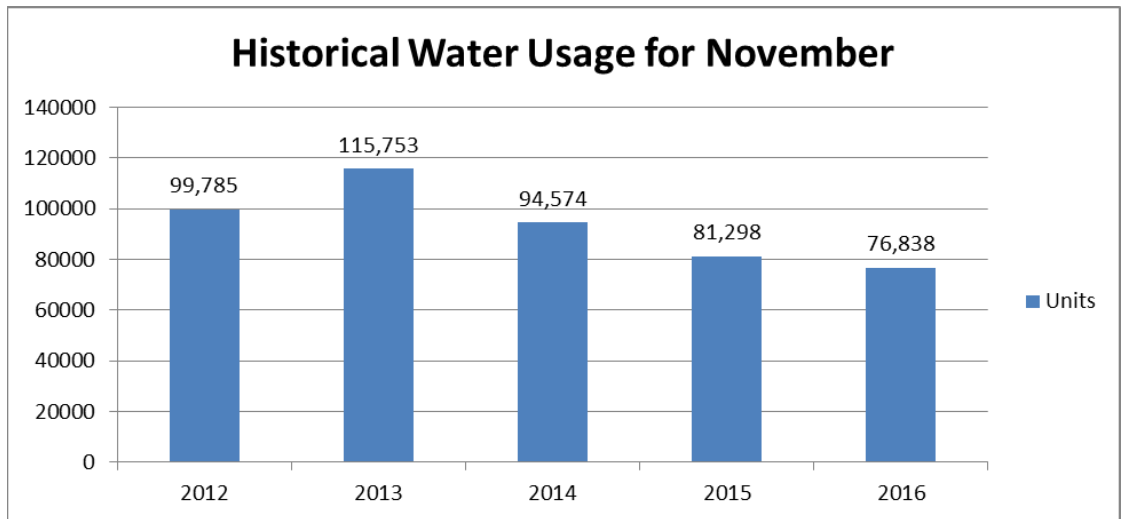
SCHEDULE OF CASH AND INVESTMENTS		
CASH ACCOUNT	BALANCE @ 11/30/16	BALANCE 12/09/16
PETTY CASH	400	400
CASH DRAWER	200	200
WELLS FARGO CHECKING	\$ 895,046	\$ 321,195
LAIF	\$ 4,061,323	\$ 4,561,323
TOTAL	\$ 4,956,969	\$ 4,883,118

Month End Balance of PARS/OPEB for September 2016 (October & November 2016 report not available): \$677,462. A contribution of \$36,234 made and an overall increase in Net Earnings of \$1,401 was reported.

MPWD RESERVE FUNDS				
Reserve Account	Balance @ 11/30/2014	Balance @ 11/30/2015	Balance @ 11/30/2016	Budget for Reserve Policy
Capital Reserves	\$ 1,432,101	\$ 892,186	\$ 1,561,323	\$ 2,500,000
Emergency Reserves	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Working Capital Reserves	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
TOTAL RESERVE FUNDS	\$ 3,932,101	\$ 3,392,186	\$ 4,061,323	\$ 5,000,000

2) Water Revenue Report:

WATER REVENUES for FISCAL YEAR 2016/2017					
Month	Total Units	Water Commodity Charges	Fixed System Charges	Total Water Revenues	Misc Rev
JUL	111,110	851,106.50	205,631.47	1,056,737.97	1,242.50
AUG	113,341	952,329.97	224,247.06	1,176,577.03	1,240.00
SEP	112,591	947,559.51	224,661.20	1,172,220.71	1,248.75
OCT	101,247	843,144.88	224,835.59	1,067,980.47	1,248.75
NOV	76,838	620,687.41	224,770.69	845,458.10	1,650.67
TOTAL	515,127	4,214,828.27	1,104,146.01	5,318,974.28	6,630.67



3) **SPRINGBROOK PROGRESS:**

This month, staff is working with Springbrook on the configuration and set up of the Billing System. We had one data pull from the existing Continental Utility Billing Inc. (CUSI). We will have an additional data pull the first part of January, and then a final pull in February. Training for staff will occur prior to go-live and then a post go live refresher training will occur in March.

SPRINGBROOK IMPLEMENTATION SCHEDULE - PRELIMINARY			
DATE		Task	Work Complete
Start	End		
4/11/2016	4/13/2016	Overview training for Finance - Billing System and Chart of Accounts	X
5/9/2016	5/13/2016	Finance Conversion - General Ledger and Accounts Payable data review	x
8/8/2016	8/12/2016	Finance Go Live	x
8/22/2016	8/24/2016	Project Management Set-up and go-live	x
9/5/2016	9/15/2016	Bank Reconciliation Configuration and go-live	x
9/19/2016	9/19/2016	Fixed Assets - Go Live	x
1/11/2017	11/19/2017	Utility Billing Data Conversion	
2/13/2017	2/16/2017	License & Permits - Go Live Session	
2/27/2017	3/3/2017	Utility Billing - Go-Live Session	
3/6/2017	3/7/2017	Ancillaries - AR - setups	
3/6/2017	3/6/2017	Coding Accuracy Support System (CASS) Certification - Setup and Process Training	
3/20/2017	3/24/2017	Utility Billing - Post Go Live Refresher Training	

4) **TEAM BUILDING ACTIVITIES:**

All staff attended General Manager Rudock’s rib-eye luncheon which she generously gives to staff every year. Being that she is a southern cook, we get some of the BEST rib-eyes ever, and the side dishes are fabulous. Staff also participated in the “cut-throat white elephant gift exchange” with some “white elephant” gifts from last year showing up again this year. General Manager Rudock received the most coveted gift of all—a pair of frog candle sticks!

Birthdays continued to be celebrated this month.



TO: Board of Directors
FROM: Rene A. Ramirez, Operations Manager
DATE: December 15, 2016

OPERATIONS REPORT – November 2016

Projects:

- No change here - through October staff has installed a total of 513 AMI meters throughout Zone 1 with 1 left to fit. The last meter is at a site where we have litigation and we are holding off until things settle out. Their water is still metered;
- Prepared site and set up traffic control for a water service line along Chula Vista, which turned into larger project when staff found service did not have a “corp stop” on mainline and service was found to be next to a “tee” with leaded joints (when we run into leaded joint, we remove and replace pipe/fittings), and
- No change here - AMI: Staff continues to work with Sensus Metering and Continentals Utility Billing to set up files for the new Sensus AMI customer portal conversion.

Maintenance:

- Responded to and completed 207 USA (underground service alerts) requests and identified infrastructure before digging in the streets or easements. Last month we marked 198 locations. An average month is approximately 140 requests;
- Conducting meter maintenance (cleaning and clearing around meter boxes) and intertie maintenance (cleaning up vaults and installing/replacing pressure gauges);
- Reading meters in Zone 3;
- Prepped for, poured and finished concrete in Middle Road;
- Performed normal maintenance and exercised water system pressure regulating valves;
- Rebuilt 2 more PCVs and have completed eight (8) of 13 Pump Control Valves in the system;
- Performed maintenance tasks on all nine (9) large power generators throughout the system and are using remaining budget to perform a load bank test on our generators starting with the more critical generator stations;
- Focused on draining and cleaning several reservoir sites. Due to continued conservation, lack of sufficient water demand, and because we can pump and move water throughout the system when necessary, we will be holding 4 tanks

out of service during the winter until use picks up in Spring. The four tanks are at Dekoven, Exbourne, Buckland and West Belmont;

- Efforts in the biennial cathodic protection system of pipelines, mainly east of El Camino Real, and the tank sites with Trident Environmental has been put on hold due to other system demands. Their work will resume in January and their report is now anticipated to be completed by March 2017;
- The AMI Reporting System alerted staff to a possible backflow condition. A field investigation ensued and revealed air in the customer plumbing from a solar heating system on the roof a the house and no one living in home at the time was actually causing water in the home’s plumbing system to be pushed back through the meter and into our water system. This situation was corrected;
- Collected a requisite 55 water samples for bacteriological testing – all samples were normal and showed no signs of coliform bacteria;
- Water system dead-ends continued to be monitored for disinfectant residual, and where needed, we flowed water into landscapes, street sweepers or sewer flushing trucks versus monitoring for discharge into the storm water systems to improve water quality; and
- Monitoring for signs of nitrification within our tanks, sample stations and dead ends continues as a part of regular water quality monitoring.

System Repairs:

Location	Event	Material	Installation Date	Estimated Water Loss (Gals.)
521 South Rd	Main Break	CIP	1940	Not known
Anita Court	Service Leak	Copper	2005	500

Development:

- Staff is currently working with developers on 17 development projects:

Mixed Use Commercial/Residential:

- o 576-600 El Camino Real – currently reviewing their plans;
- o 400-490 El Camino Real – currently reviewing their plans;

Commercial:

- o 539 Harbor Blvd. – nothing to report out at this time;
- o 700 Island Parkway – payment received, awaiting scheduling;
- o 1201 Shoreway Road – currently reviewing their plans;
- o 1477 El Camino Real – currently reviewing their plans;
- o 699 Ralston Ave. – currently reviewing their plans;

Residential/Multi-Family:

- o 1249 Lane Street – installation completed;
- o 2177 Carlmont Avenue – installation completed;
- o 2828 Monte Cresta – installation scheduled;

- 905 South Rd - currently reviewing their plans;
- 1221 Elmer St – installation complete;
- 10 Notre Dame Place - currently reviewing their plans;
- 1906 Bishop – currently reviewing their plans;
- 1919 Oak Knoll Dr. – currently reviewing their plans;
- 1942 Bayview – currently reviewing their plans;
- 1557 Vine St. – currently reviewing their plans.

Administration:

- Met with developer for 400-490 El Camino Real. This project is similar to the development at 600 El Camino Real in that both locations will have a secure room in the basement garage housing District meters - on private property. This project has slightly more than 70 meters mainly for residential customers, but also commercial and irrigation uses too. Counsel developing an easement that is to become a part of a water service agreement;
- Attended monthly BAWSCA Manager’s meeting;
- Attended HIA meeting and listened to Board President Zucca’s presentation about the District and its capital improvement plan;
- Attended and participated in a lunch and learn staff development meeting held by General Manager;
- Staff attended the Sensus Reach Conference in Palm Desert, CA. The conference showcased current and emerging technologies available from Sensus metering systems;
- Staff attended SFPUC’s annual water quality meeting held in Foster City;
- Staff participated in a pre-construction meeting held by City for 700 Island Parkway (Mercedes Benz dealership);
- Met with a City representative following a water leak on Anita Court where a misdiagnosed water leak interfered with City’s ability to complete a paving project on this street;
- Met with John Davidson prior to Board meeting and then on the following day while he was reviewing several potential projects on property;
- Participated in conference call with GM, legal counsel, staff and District Engineer regarding potential claim from Alameda de las Pulgas contractor;
- Operations staff cleaned shop and prepped for student field trip to District;
- Participated in a lunch and learn staff development program where Julie Brown held a True Colors session with entire staff; and
- Continued to actively manage power use during pumping with positive energy savings results and cost reduction, and no net effect on the operation of the water system.

**MID-PENINSULA WATER DISTRICT
BUDGET FOR YEAR 2016-2017
SUMMARY**

DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/16 11/30/16	REMAINING BALANCE/ (OVER BUDGET)	Target YTD % 41.9%
				Y-T-D % OF BUDGET
OPERATING REVENUE				
WATER COMMODITY CHARGES	8,100,000	4,217,068	3,882,932	52.1%
FIXED SYSTEM CHARGES	2,663,720	1,109,684	1,554,036	41.7%
FIRE SERVICE CHARGES	14,400	6,217	8,183	43.2%
SERVICE LINE & INSTALLATION CHARGES	25,000	1,491	23,509	6.0%
WATER SYSTEM CAPACITY CHARGES	200,000	-	200,000	NA
WATER DEMAND OFFSET CHARGES	10,000	-	10,000	NA
MISCELLANEOUS CHARGES	10,000	9,382	618	93.8%
INTEREST REVENUE - LAIF	10,000	11,236	(1,236)	112.4%
LEASE OF PHYSICAL PROPERTY	200,000	67,349	132,651	33.7%
PROPERTY TAX REVENUE	255,000	24,156	230,844	9.5%
TOTAL OPERATING REVENUE	11,488,120	5,446,583	6,041,537	47.4%
OPERATING EXPENDITURES				
SALARIES & WAGES	1,668,500	652,934	1,015,566	39.1%
PAYROLL TAXES & BENEFITS	1,163,800	454,328	709,473	39.0%
PURCHASED WATER	4,976,000	2,482,430	2,493,570	49.9%
OUTREACH & EDUCATION	133,900	31,416	102,484	23.5%
M&R - OPS SYSTEM	398,250	116,868	281,382	29.3%
M&R - FACILITIES & EQUIPMENT	162,000	50,305	111,695	31.1%
MAJOR MAINTENANCE	12,000	591	11,409	4.9%
OFFICE SUPPLIES & EQUIPMENT	326,750	117,933	208,817	36.1%
MEMBERSHIP & GOV FEES	217,500	66,997	150,503	30.8%
BAD DEBT & CLAIMS	37,000	3,814	33,186	10.3%
UTILITIES	288,300	80,090	208,210	27.8%
PROFESSIONAL SERVICES	501,950	181,958	319,992	36.3%
TRAINING/TRAVEL & RECRUITMENT	31,000	16,942	14,058	54.7%
RESTRICTED EARNINGS	(10,000)	(11,236)	1,236	112.4%
RESERVES	-	-	-	NA
DEPRECIATION	950,000	400,619	549,381	42.2%
TOTAL OPERATING EXPENDITURES	10,856,950	4,645,990	6,210,960	42.8%
OPERATING REVENUE LESS EXPENDITURES	631,170	800,592	(169,422)	126.8%
NET TRANSFERS TO CAPITAL	(631,170)	(800,592)	169,422	126.8%
NET RESULTS OF OPERATIONS	-	-	-	
OPERATING EXPENDITURES LESS DEPRECIATION	9,906,950	4,245,371	5,661,579	42.9%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 41.9%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 11/30/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
4010	WATER COMMODITY CHARGES (A)	8,100,000	4,217,068	3,882,932	52.1%
4020	FIXED SYSTEM CHARGES	2,663,720	1,109,684	1,554,036	41.7%
4030	FIRE SERVICE CHARGES	14,400	6,217	8,183	43.2%
4050	SERVICE LINE & INSTALLATION CHARGES	25,000	1,491	23,509	6.0%
4060	WATER SYSTEM CAPACITY CHARGES	200,000	-	200,000	NA
4070	WATER DEMAND OFFSET CHARGES	10,000	-	10,000	NA
4090	MISCELLANEOUS REVENUES	10,000	9,382	618	93.8%
4000	TOTAL WATER AND FEE CHARGES	11,023,120	5,343,842	5,679,278	48.5%
4102	Interest Revenue- LAIF	10,000	11,236	(1,236)	112.4%
4100	INTEREST REVENUE	10,000	11,236	(1,236)	112.4%
4201	Lease of Physical Property	200,000	67,349	132,651	33.7%
4202	Property Tax Revenue (B)	255,000	24,156	230,844	9.5%
4200	OTHER REVENUE	455,000	91,505	363,495	20.1%
4000	TOTAL OPERATING REVENUE	11,488,120	5,446,583	6,041,537	47.4%
			-		
6011	Salaries & Wages	1,575,000	619,678	955,322	39.3%
6012	Director Compensation	11,000	2,500	8,500	22.7%
6017	Capital Salaries & Wages	-	50,024	(50,024)	NA
6010	GROSS REGULAR WAGES	1,586,000	672,203	913,797	42.4%
6017	CAPITAL SALARY & WAGES reversed	-	(50,024)	50,024	N/A
6021	Overtime Labor	45,500	17,928	27,572	39.4%
6022	Standby Labor	37,000	12,828	24,172	34.7%
6020	SUB-TOTAL SALARY & WAGES	1,668,500	652,934	1,015,566	39.1%
6031	FICA/Medicare PR Tax	131,500	42,787	88,713	32.5%
6038	ACWA Health Care	320,000	127,579	192,421	39.9%
6039	ACWA Dental	31,000	10,086	20,914	32.5%
6040	ACWA Vision	4,350	1,759	2,591	40.4%
6041	ACWA Life/AD&D	4,200	1,722	2,478	41.0%
6042	Standard LDL/SDL Disability	12,400	4,369	8,031	35.2%
6043	Workers' Comp Insurance	50,400	18,031	32,369	35.8%
6044	Unemployment	1,000	-	1,000	NA

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 41.9%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 11/30/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6045	CALPERS Retirement - ER 2%@55	235,000	85,247	149,753	36.3%
6054	CAPITAL PAYROLL TAXES & BENEFITS	-	25,744	(25,744)	N/A
6046	Retirees' ACWA Health Care	56,000	25,676	30,324	45.9%
6047	Directors' ACWA Health Care	108,000	46,162	61,838	42.7%
6049	Medical Reimbursement	1,000	273	727	27.3%
6050	Employee Service Recognition	7,000	1,906	5,094	27.2%
6051	Safety Incentive Program	7,200	3,000	4,200	41.7%
6052	Uniforms (C)	24,750	12,861	11,889	52.0%
6053	PARS OPEB Expense	170,000	72,868	97,132	42.9%
6030	SUB-TOTAL PAYROLL TAXES & BENEFITS	1,163,800	480,072	683,728	41.3%
6054	CAPITAL PAYROLL TAXES & BENEFITS	-	(25,744)	25,744	N/A
6000	PERSONNEL COSTS	2,832,300	1,107,262	1,725,038	39.1%
6101	SFPUC Treated Water (A)	4,500,000	2,258,237	2,241,763	50.2%
6102	BAWSCA (Debt Service Surcharges)	476,000	198,105	277,895	41.6%
6103	Rates Stabilization	-	-	-	NA
6104	SFPUC Water Service Charge	-	26,088	(26,088)	N/A
6100	PURCHASED WATER	4,976,000	2,482,430	2,493,570	49.9%
6301	Water Conservation Program	7,200	419	6,781	5.8%
6302	School Conservation Program	7,200	188	7,012	2.6%
6303	Public Outreach & Education	25,750	9,380	16,370	36.4%
6305	HET Rebates	24,750	4,498	20,252	18.2%
6306	Washing Machine Rebates	25,750	29	25,721	0.1%
6307	Lawn-Be-Gone Rebates	38,100	16,228	21,872	42.6%
6308	Rain Barrel Rebates	5,150	673	4,477	13.1%
6304	TOTAL WATER CONSERVATION REBATES	93,750	21,429	72,321	22.9%
6300	OUTREACH/EDUCATION	133,900	31,416	102,484	23.5%
6401	Water Quality	67,000	19,334	47,666	28.9%
6402	Pumping	78,250	10,137	68,113	13.0%
6403	Storage Tanks	15,000	-	15,000	NA
6404	Mains/Distribution	100,000	31,742	68,258	31.7%
6405	Meters & Service	30,000	13,007	16,993	43.4%
6406	Fire Hydrants (D)	31,000	23,995	7,005	77.4%
6407	Regulator Stations	6,000	59	5,941	1.0%
6408	Safety	32,000	6,710	25,290	21.0%
6409	SCADA Maintenance	15,000	4,415	10,585	NA
6410	Generator Maintenance	24,000	7,471	16,529	68.9%
6400	M&R - OPS SYSTEMS	398,250	116,868	281,382	29.3%
6501	M&R-Buildings&Grounds	93,000	25,695	67,305	27.6%
6502	M&R- Equipment&Tools	21,000	6,605	14,395	31.5%

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 41.9%

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 11/30/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
6503	M&R- Vehicles & Large Equipment (E)	19,000	10,110	8,890	53.2%
6504	M&R - Fuel	29,000	7,896	21,104	27.2%
6500	M&R - FACILITIES & EQUIPMENT	162,000	50,305	111,695	31.1%
6601	Cathodic Protection Survey	12,000	241	11,759	NA
6602	Leak Detection Survey	-	350	(350)	NA
6600	MAJOR MAINTENANCE	12,000	591	11,409	4.9%
6701	Office Supplies	18,000	5,336	12,664	29.6%
6702	Insurance- Liability/Vehicles	87,750	25,440	62,310	29.0%
6703	Postage (F)	3,250	5,621	(2,371)	173.0%
6704	Printing/Printing Supplies	13,000	5,865	7,135	45.1%
6705	Equipment Services/Maintenance	56,750	9,908	46,842	17.5%
6706	Computer Supplies & Upgrades	11,750	4,744	7,006	40.4%
6707	Security & Safety	10,750	1,912	8,838	17.8%
6708	Other Fees	500	16	484	3.3%
6709	Customer Credit Card Svs Fees	125,000	59,090	65,910	47.3%
6700	OFFICE SUPPLIES & EQUIP	326,750	117,933	208,817	36.1%
6801	Dues & Publications	39,500	15,966	23,534	40.4%
6802	Gov't Fees & Licenses	73,250	8,092	65,158	11.0%
6803	BAWSCA Membership Assessments	68,750	29,720	39,030	43.2%
6804	Env Health - Cross Connection Inspection	31,000	12,500	18,500	40.3%
6805	Software License	5,000	720	4,280	14.4%
6800	MEMBERSHIP & GOV FEES	217,500	66,997	150,503	30.8%
6901	Bad Debt	7,000	92	6,909	1.3%
6902	Claims	30,000	3,722	26,278	12.4%
6900	BAD DEBT & CLAIMS	37,000	3,814	33,186	10.3%
7001	Utilities-Internet/Cable (G)	7,500	5,715	1,785	76.2%
7002	Utilities-Cellular Telephones	11,850	5,264	6,586	44.4%
7003	Utilities-Electric-Pumping	220,000	48,056	171,944	21.8%
7004	Utilities-Electric-Bldgs&Grounds	24,000	11,230	12,770	46.8%
7005	Utilities-Telephones	17,500	7,216	10,284	41.2%
7006	Utilities-Sewer - NPDES	7,450	2,610	4,840	35.0%
7000	UTILITIES	288,300	80,090	208,210	27.8%
7101	Prof Serv - District Counsel	100,000	35,903	64,098	35.9%
7102	Prof Serv - District Engineer	100,000	29,955	70,045	30.0%
7103	Prof Serv - IT	19,750	8,073	11,677	40.9%
7104	Prof Serv- Annual Finance Audit (H)	20,000	17,700	2,300	88.5%
7105	Prof Serv - Mngmt Consult	-	-	-	NA

**MID-PENINSULA WATER DISTRICT
OPERATIONS BUDGET FOR YEAR 2016-2017
DETAILED**

Target YTD % 41.9%

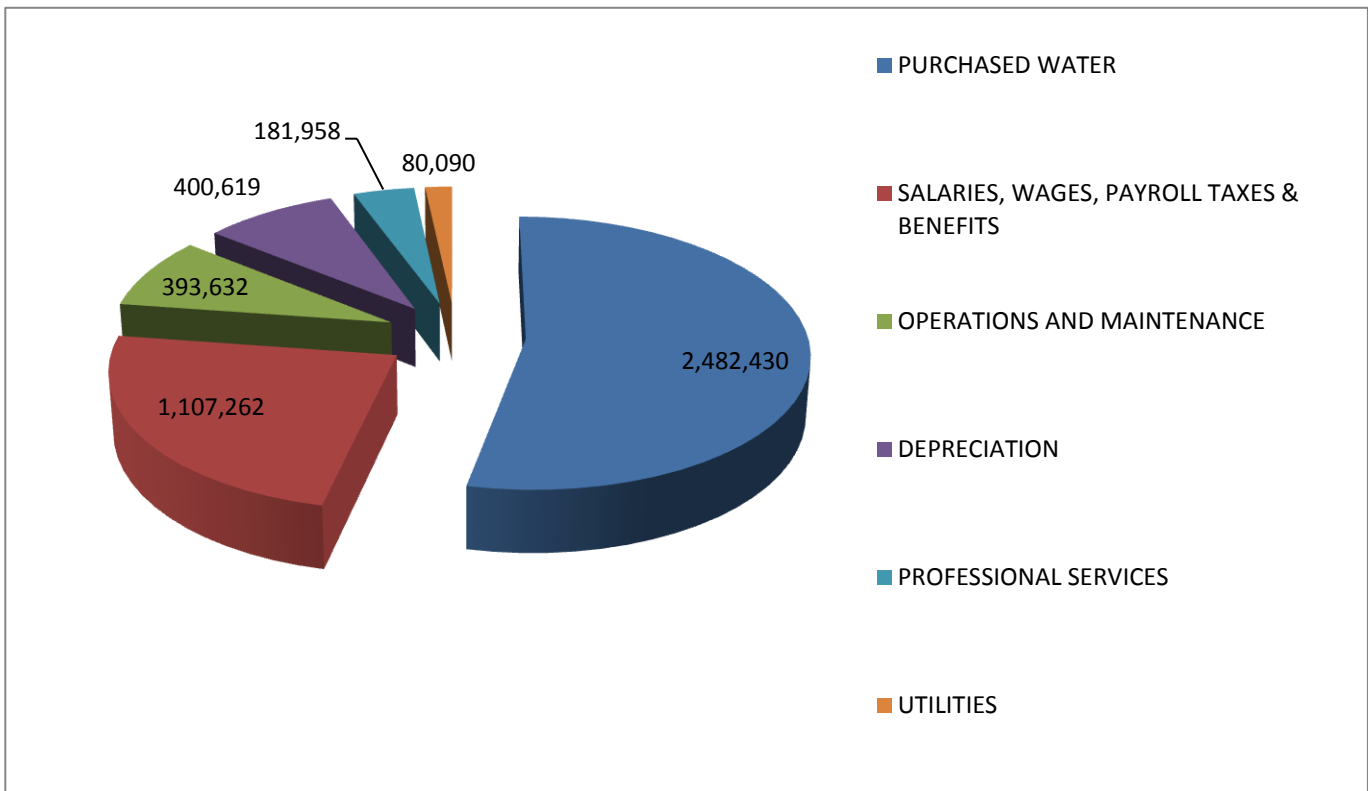
ACCOUNT NUMBER	ACCOUNT DESCRIPTION	APPROVED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 11/30/2016	REMAINING BALANCE/ (OVER BUDGET)	Y-T-D % OF BUDGET
7106	Prof Serv- Accounting & Payroll	21,750	10,505	11,245	48.3%
7107	Prof Serv- Customer Billing	72,250	31,132	41,118	43.1%
7108	Prof Serv - Answering Svs (I)	4,500	3,393	1,107	75.4%
7110	Prof Serv - Miscellaneous	160,000	44,398	115,602	27.7%
7111	Prof Serv - District Treasurer	3,700	900	2,800	24.3%
7100	PROFESSIONAL SERVICES	501,950	181,958	319,992	36.3%
7201	Director Travel	5,000	-	5,000	NA
7202	Director Expense	1,000	-	1,000	NA
7203	Elections	-	-	-	NA
7204	Employee Travel/Training	20,000	14,273	5,727	71.4%
7205	Meetings Expense	5,000	2,669	2,331	53.4%
7200	TRAINING & TRAVEL	31,000	16,942	14,058	54.7%
7302	Restricted Earnings Expense - Interest LAIF	(10,000)	(11,236)	1,236	112.4%
7300	RESTRICTED EARNINGS EXPENSE	(10,000)	(11,236)	1,236	112.4%
8001	Working Reserves: Capital	-	-	-	NA
8002	Working Reserves: Operating	61,123	-	61,123	NA
8000	RESERVES	-	-	-	NA
9010	DEPRECIATION	950,000	400,619	549,381	42.2%
SUB-TOTAL - OPERATING EXPENSES		8,024,650	3,538,729	4,485,921	44.1%
TOTAL OPERATING EXPENSES		10,856,950	4,645,990	6,210,960	42.8%
NET OPERATING SURPLUS/(LOSS) TRANSFER TO CAPITAL		631,170	800,592	(169,422)	126.8%

- (A) Water revenues are at 52.1% and water purchases are both at 50.2%.
- (B) Property Taxes mostly paid in April and December.
- (C) Field Staff Workboots totaling \$3561.
- (D) 4 Fire hydrants purchased totaling \$8526.
- (E) Vehicle Decals updated totaling \$2,695.
- (F) Postage of \$1000 put in meter.
- (G) Internet bills are consistently higher than anticipated. Will be making a budget adjustment at mid-year.
- (H) Audit preliminary complete, audit committee review scheduled, and report to the Board scheduled for November scheduled.
- (I) Last year's bill received in August 2016.

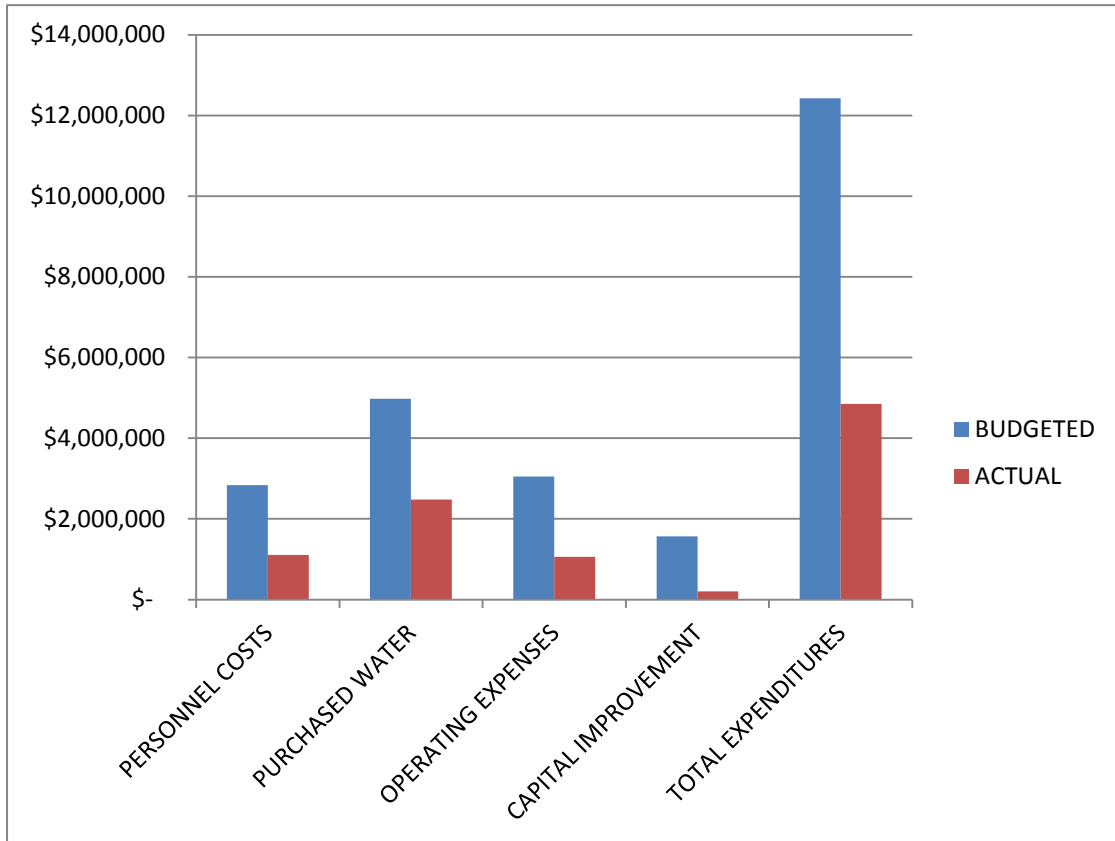
**MID-PENINSULA WATER DISTRICT
ACTUAL OPERATING EXPENDITURES SUMMARY**

Nov-16

OPERATING EXPENDITURES	ACTUAL \$	% OF TOTAL
PURCHASED WATER	2,482,430	53.4%
SALARIES, WAGES, PAYROLL TAXES & BENEFITS	1,107,262	23.8%
OPERATIONS AND MAINTENANCE	393,632	8.5%
DEPRECIATION	400,619	8.6%
PROFESSIONAL SERVICES	181,958	3.9%
UTILITIES	80,090	1.7%
TOTAL OPERATING EXPENDITURES	<u>4,645,990</u>	<u>100%</u>



2014/2015 BUDGET vs ACTUAL TOTAL EXPENDITURES Nov-16



	BUDGETED	ACTUAL	BUDGETED % OF TOTAL	ACTUAL % OF TOTAL
TOTAL EXPENDITURES				
PERSONNEL COSTS	\$ 2,832,300	\$ 1,107,262	23%	23%
PURCHASED WATER	\$ 4,976,000	\$ 2,482,430	40%	51%
OPERATING EXPENSES	\$ 3,048,650	\$ 1,056,299	25%	22%
CAPITAL IMPROVEMENT	\$ 1,565,000	\$ 204,317	13%	4%
TOTAL EXPENDITURES	\$ 12,421,950	\$ 4,850,307	100%	100%

**MID-PENINSULA WATER DISTRICT
BUDGET FOR FY 2016-2017
CAPITAL OUTLAY/CAPITAL PROJECTS**

DESCRIPTION	APPROVED AMENDED FY 2016-2017 BUDGET \$	ACTUAL 7/1/2016 11/30/2016	REMAINING BALANCE/ (OVER BUDGET)	Target YTD % 41.9%
				Y-T-D % OF BUDGET
CAPITAL IMPROVEMENTS - WORK IN PROCESS (WIP)				
AMI Meter Change Out Program	500,000	5,007	494,993	1.0%
Karen Road Water Main Replacement - CIP	100,000	17,505	82,495	17.5%
Folger Pump Station Demolition - CIP	50,000	3,720	46,280	7.4%
Alameda de las Pulgas Water Main Replacement Project - CIP	700,000	158,926	541,074	22.7%
CAPITAL IMPROVEMENTS - WIP TOTAL	1,350,000	185,159	1,164,841	13.7%
CAPITAL OUTLAY				
Financial Management System (FMS) - Comprehensive Replacement	95,000	-	95,000	0.0%
Implementation of Sensus Consumer Portal	70,000	3,398	66,602	4.9%
Miscellaneous Capital Outlay/Projects (A)	50,000	15,760	34,240	31.5%
CAPITAL OUTLAY TOTAL	215,000	19,158	195,842	8.9%
CAPITAL IMPROVEMENTS & CAPITAL OUTLAY TOTAL	1,565,000	204,317	1,360,683	13.1%
DEPRECIATION	950,000	400,619	549,381	42.2%
TRANSFER FROM OPS	631,170	800,592	(169,422)	126.8%
TRANSFER (TO)/FROM CAPITAL RESERVES	(16,170)	(996,895)	980,725	6165.1%
CAPITAL OUTLAY/CAPITAL PROJECTS	(1,565,000)	(204,317)	(1,360,683)	13.1%
NET RESULTS OF CAPITAL	-	(0)	0	N/A

(A) Hallmark Tank Retrofit Project \$12,842

(A) Hillcrest Project \$2,918

**MID-PENINSULA WATER DISTRICT
OPERATIONS SUMMARY
PREVIOUS YEAR COMPARISON**

	Jul - Nov 16	Jul - Nov 15	\$ Change	% Change
Ordinary Income/Expense				
Income				
4000 · OPERATING REVENUE	5,343,842.34	4,604,256.30	739,586.04	16.06%
4100 · INTEREST INCOME	11,235.61	4,875.31	6,360.30	130.46%
4200 · OTHER INCOME	91,504.75	141,164.90	-49,660.15	-35.18%
Total Income	<u>5,446,582.70</u>	<u>4,750,296.51</u>	<u>696,286.19</u>	<u>14.66%</u>
Expense				
6000 · PERSONNEL COSTS	1,107,261.51	1,082,676.22	24,585.29	2.27%
6100 · PURCHASED WATER	2,482,430.23	2,114,326.52	368,103.71	17.41%
6300 · OUTREACH/EDUCATION	31,415.82	65,137.43	-33,721.61	-51.77%
6400 · M&R - OPS SYSTEMS	116,868.48	130,602.90	-13,734.42	-10.52%
6500 · M&R - FACILITIES & EQUIPMENT	50,305.05	39,757.40	10,547.65	26.53%
6600 · MAJOR MAINTENANCE	590.74	700.00	-109.26	-15.61%
6700 · OFFICE SUPPLIES & EQUIPMENT	117,933.49	121,396.24	-3,462.75	-2.85%
6800 · MEMBERSHIP & GOV FEES	66,997.47	91,580.13	-24,582.66	-26.84%
6900 · BAD DEBT & CLAIMS	3,813.70	6,783.47	-2,969.77	-43.78%
7000 · UTILITIES	80,089.90	122,270.38	-42,180.48	-34.5%
7100 · PROFESSIONAL SERVICES	181,957.94	206,914.41	-24,956.47	-12.06%
7200 · TRAINING & TRAVEL	16,942.47	6,350.93	10,591.54	166.77%
Total Expense	<u>4,256,606.80</u>	<u>3,988,496.03</u>	<u>268,110.77</u>	<u>6.72%</u>
Net Ordinary Income	<u>1,189,975.90</u>	<u>761,800.48</u>	<u>428,175.42</u>	<u>56.21%</u>
Other Income/Expense				
Other Expense				
9000 · DEPRECIATION	400,619.16	394,902.03	5,717.13	1.45%
Total Other Expense	<u>400,619.16</u>	<u>394,902.03</u>	<u>5,717.13</u>	<u>1.4%</u>
7302 - RESTRICTED EARNINGS EXPENSE - INTEREST LAIF	-11,235.61	-4,875.31	-6,360.30	-130.5%
Total Restricted Earnings Expense	<u>-11,235.61</u>	<u>-4,875.31</u>	<u>-6,360.30</u>	<u>-130.5%</u>
Net Operating Surplus/(Loss)	<u><u>800,592.35</u></u>	<u><u>371,773.76</u></u>	<u><u>428,818.59</u></u>	<u><u>115.3%</u></u>

**MID-PENINSULA WATER DISTRICT
CONDENSED BALANCE SHEET
PREVIOUS YEAR COMPARISON**

	30-Nov-16	30-Nov-15	\$ Change	% Change
ASSETS				
CURRENT ASSETS				
Total Checking/Savings	4,960,859.29	3,505,724.54	1,455,134.75	41.51%
Total Accounts Receivable	859,970.80	881,239.08	-21,268.28	-2.41%
Other Current Assets				
Inventory (A)	0.00	158,736.70	-158,736.70	-100.0%
Other Current Assets	171,924.75	210,153.77	-38,229.02	-18.19%
Total Other Current Assets	171,924.75	368,890.47	-196,965.72	-53.39%
TOTAL CURRENT ASSETS	5,992,754.84	4,755,854.09	1,236,900.75	26.01%
FIXED ASSETS				
Fixed Assets	42,011,084.78	41,284,239.37	726,845.41	1.76%
Accumulated Depreciation	-26,164,711.13	-25,248,631.83	-916,079.30	-3.63%
Construction in Progress	1,041,387.40	494,972.14	546,415.26	110.39%
TOTAL FIXED ASSETS	16,887,761.05	16,530,579.68	357,181.37	2.16%
TOTAL OTHER ASSETS	219,777.55	203,461.00	16,316.55	8.02%
TOTAL ASSETS	23,100,293.44	21,489,894.77	1,610,398.67	7.49%
LIABILITIES & EQUITY				
LIABILITIES				
CURRENT LIABILITIES				
Total Accounts Payable	80,957.59	73,192.75	7,764.84	10.61%
Total Other Current Liabilities (B)	946,047.44	682,708.44	263,339.00	38.57%
TOTAL CURRENT LIABILITIES	1,027,005.03	755,901.19	271,103.84	35.87%
TOTAL LONG TERM LIABILITIES (B)	1,346,892.00	1,122,799.45	224,092.55	19.96%
TOTAL LIABILITIES	2,373,897.03	1,878,700.64	495,196.39	26.36%
EQUITY				
3000 - Opening Bal Equity	0.00	144.00	-144.00	-100.0%
3800 - RESERVES *	4,055,161.46	3,392,186.45	662,975.01	19.54%
3940 - Fund Bal Invest in Util Plant	16,823,236.31	16,530,579.68	292,656.63	1.77%
Net Assets (B)	-152,001.36	-311,716.00	159,714.64	51.24%
TOTAL EQUITY	20,726,396.41	19,611,194.13	1,115,202.28	5.69%
TOTAL LIABILITIES & EQUITY	23,100,293.44	21,489,894.77	1,610,398.67	7.49%
	Balance @	Balance @	Balance @	Budget for
	Nov 2014	Nov 2015	Nov 2016	Reserve
* RESERVES				Policy
Capital Reserves	1,432,101	892,186	1,561,323	2,500,000
Emergency Reserves	2,000,000	2,000,000	2,000,000	2,000,000
Working Capital Reserves	500,000	500,000	500,000	500,000
TOTAL RESERVE FUNDS	3,932,101	3,392,186	4,061,323	5,000,000

(A) Change in Capitalization/Inventory Policy. Inventory less than \$5,000 were expensed last fiscal year.

(B) CalPERS Net Pension Liability - GASB 68 requirement.