Council Agenda # _______
Meeting of June 23, 2009

CITY OF BELMONT
CALIFORNIA

# Staff Report

RESOLUTION APPROVING THE FINAL SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOND FINANCING PLAN AND REAFFIRMING SUPPORT FOR THE SOUTH BAYSIDE WASTE MANAGEMENT JOINT POWERS AUTHORITY (SBWMA) PROPOSED BOND ISSUE OF UP TO $56.5 MILLION TO FINANCE RENOVATION OF THE SAN CARLOS RECYCLERY FACILITY AND ACQUISITION OF NEW SORTING EQUIPMENT FOR THE FACILITY

Honorable Mayor and Council Members:


**Summary**
At the March 10th Belmont City Council meeting, the City Council approved a resolution (Item 6A) approving the South Bayside Waste Management Authority's (SBWMA) original proposal for issuance of up to a maximum of $65.5 million in debt sufficient to fund the Shoreway master plan facility improvements and to redeem the SBWMA's existing year 2000 bonds. Subsequent to this action, the Shoreway facility improvement construction bids came in approximately $9 million under the engineer's estimate. Bids are valid through July 24, 2009. As a condition of the March 10th approval, the City Council of the City of Belmont required the final financing plan be returned to the City of Belmont for review and approval.

The SBWMA financing team has lowered the amount of debt to be issued from $65.5 million to $56.5 million because of the favorable construction bid.

The Belmont Finance Commission reviewed the final SBWMA Board recommended financing plan at their commission meeting of June 4, 2009 at a reduced bond size amount of up to $56.5 million.

The Belmont Finance Commission as well as City staff recommends City Council adoption of the attached resolution reaffirming and giving final approval of the financing plan for up to $56.5 million in bonded indebtedness by the SBWMA.


**Background**
SBWMA is proposing:

a) The issuance of debt to fund the Shoreway Environmental Center Master Plan improvements needed to handle single stream recycling and future tonnage from the January 1, 2011 rollout of new franchised collection services for member agencies; and

b) To redeem the SBWMA's year 2000 bonds.

In March 2009, the new facility operator, South Bay Recycling, was selected by the SBWMA Board.

In May 2009, the SBWMA Board considered several long term debt financing options including an all fixed interest rate bond issue, an all variable interest rate issue and a hybrid model, as well as variations including a private placement. Risk factors of each option were evaluated by the financing team and SBWMA Board. Ultimately, the Board tentatively selected the all fixed interest rate model, subject to final approval by those agencies that requested a review of the final plan. The City of Belmont Director of Finance and the Belmont City Treasurer attended these meetings and participated in the discussion.

Also in May, the facility construction contract bids were received and the low bid was approximately $9 million below the engineers estimate. SBWMA Board award of the construction contract is scheduled for the SBWMA Board meeting of July 23, 2009. Approval of the financing plan by two-thirds of the member agencies is required before the SBWMA Board can legally authorize award of the contract. Two-thirds of the agencies have approved the concept plan, but four requested a final review of the selected financing plan. Belmont was one of the cities making this request.

Because of the very favorable construction bid, the issuance of debt will not exceed $56.5 million (original plan was $65 million). The SBWMA financing team, after several presentations and policy discussions with the SBWMA Board, is recommending approval of a financing plan consisting of fixed rate (tax exempt) bonds that includes a provision allowing member agency treasurers, if they so desire, to purchase subordinated debt of up to $10 million of the issue for their own agency investment portfolios. The plan calls for tax-exempt, fixed rate, 27 year term bonds sold through a public offering. When this proposal was last discussed with the Belmont City Council, the financing team estimated the interest rates would be in the vicinity of 7.25%. Today, the municipal bond market is less volatile than in March and the SBWMA financing team is now estimating a bond interest rate (true interest cost) of approximately 5.90%.

The impact of the new additional debt on customer rates during the period 2009-2014 is estimated to be somewhere between 2.40% and 3.07%. 2.40% would equate to a $0.48 per month on the 32 gallon can residential customer (page *2-3 of SBWMA report dated May 28, 2009*). Customer rate impacts were reported in previous staff report as part of the collection franchise selection process.

The bonds will be sold in August if approved by two-thirds of the member agencies.

**Discussion**

This report provides the City Council with the opportunity to review and approve the final SBWMA bond financing plan recommended by the City Finance Commission and City staff.

At the March 10th Belmont City Council meeting, the City Council approved a resolution (Resolution No. 10098) approving SBWMA's proposed issuance of up to a maximum of $65.5 million in debt sufficient to fund the Shoreway master plan facility improvements, state of the art equipment and to redeem the SBWMA's existing year 2000 bonds. As a condition of the March 10th approval, the City Council of the City of Belmont required the final financing plan be returned to the City of Belmont for review and approval. The Director of Finance, City Treasurer, City Manager have been heavily involved in the design of the final SBWMA financing plan. The SBWMA Board tentatively approved the plan preferred by the City of Belmont staff. This plan was reviewed by the City Finance Commission June 4th. The Finance Commission recommended approval of the final plan. The plan is a conservative construct that was favored by Belmont City staff.

City Treasurer Violet has decided that the City will not participate in the $10 million member agency bond program.

**General Plan/Vision Statement**

Investment in the recycling facility will promote increased recycling of renewable resource in our community and throughout the Peninsula. Our actions today preserve and enhance Belmont's beauty to make it even lovelier for our grandchildren.

**Fiscal Impact**

The size of the planned fixed rate bond financing issue has been reduced from $65 million to $56.5 million as a result of very favorable construction bids. Belmont's share of the bond issue obligation is 5.4% of the total issue. Bond proceeds will be invested in facility improvements, state of the art recycling equipment and retirement of existing bonds. The bond terms will be matched to the estimated useful lives of the underlying assets being acquired with the bond proceeds, e.g., 15 years maximum for equipment.

The SBWMA financing team conservatively estimates the interest rate on the bond issue will approximate 5.90%, down from the 7.25% previously assumed in March. The impact of this new bond issue on customer rates is estimated to be 2.40% or $0.48 per month for a 32 gallon residential customer, although the actual impact will not be known exactly until the interest rate is determined. A recap of the planned bond characteristics is as follows:

- Bond Type- Fixed interest rate estimated to be 5.90% as of mid May.
- Bond size- $56.5 million
- Bond term- 27 years
- Unique feature- Member agency treasurers can invest up to $10 million in subordinated notes within the issue as an investment for their investment portfolios
- Debt Service Coverage ratio- 1.67 to 3.20 during the first six years
- Estimated sale date- August 2009

**Public Contact**

- Finance Commission discussion in October & December 2008 and June 2009

- City Council discussion in February 2009 and tentative approval in March 2009
- SBWMA Board discussions in January, April and May 2009
- Posting on the City Website and City bulletin board
- Numerous newspaper articles in local newspapers

**Recommendation**

The Belmont Finance Commission as well as Belmont City staff recommends City Council adoption of the attached resolution giving final approval of the financing plan for up to $56.5 million in bonded indebtedness by the SBWMA.

**Alternatives**

1. The City Council may elect to not approve the resolution approving the financing plan. If 5 of 12 member agencies fail to approve the financing plan, the SBWMA Board will not have the ability to issue the bonds or award the construction contract for the facility and equipment improvements.
2. Recommend SBWMA consider an alternative financing approach
3. Refer the matter back to the Belmont Finance Commission
4. Refer the matter back to City staff for more information

**Attachments**

A. Resolution
B. May 19 and May 28 SBWMA staff reports on the Shoreway facility bond issue
C. Shoreway Facility Map

Respectfully submitted,

| | | |
|---|---|---|
| Jack R. Crist<br>City Manager | Thomas Fil<br>Director of Finance | John Violet<br>City Treasurer |

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**RESOLUTION NO. __________________**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT APPROVING THE FINAL SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOND FINANCING PLAN AND REAFFIRMING SUPPORT FOR THE SOUTH BAYSIDE WASTE MANAGEMENT JOINT POWERS AUTHORITY (SBWMA) PROPOSED BOND ISSUE OF UP TO $56.5 MILLION TO FINANCE RENOVATION OF THE SAN CARLOS RECYCLERY FACILITY AND ACQUISITION OF NEW SORTING EQUIPMENT FOR THE FACILITY

**WHEREAS,** an investment in the SBWMA owned recycling facility will promote increased recycling of renewable resource in our community and throughout the peninsula; and

**WHEREAS,** the City of Belmont is a 5.4% owner in the recycling facility; and

**WHEREAS,** the SBWMA financing team has considered several financing approaches; and

**WHEREAS,** the Belmont City Treasurer, City Director of Finance and City Manager have all participated actively in the design of the SBWMA financing plan as proposed; and

**WHEREAS,** the proposed financing plan is recommended by City staff; and

**WHEREAS,** the Belmont City Council approved a resolution at its March $10^{th}$ Council meeting approving SBWMA's proposed issuance of up to a maximum of $65.5 million in debt sufficient to fund the Shoreway master plan facility improvements, state of the art recycling equipment and to redeem the SBWMA's existing year 2000 bonds; and

**WHEREAS,** the final financing plan is a $56.5 million dollar bond issue, $9 million less than the previous proposal; and

**WHEREAS,** the Belmont City Finance Commission reviewed and approved the SBWMA proposed financing plan at it's June $11^{th}$ Commission meeting; and

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Belmont hereby approves the South Bayside Waste Management Authority (SBWMA) bond financing plan and reaffirms support for the SBWMA Joint Powers Authority proposed bond issue of up to $56.5 million to finance renovation of the San Carlos Recyclery facility, acquisition of new sorting equipment for the facility and retirement of preexisting bonded indebtedness.

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I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on June 23, 2009 by the following vote:

AYES, COUNCILMEMBERS: ______________________________________________

NOES, COUNCILMEMBERS:______________________________________________

ABSTAIN, COUNCILMEMBERS: ___________________________________________

ABSENT, COUNCILMEMBERS:____________________________________________

________________________________

CLERK of the City of Belmont

APPROVED:

________________________________

MAYOR of the City of Belmont

RethinkWaste
South Bayside Waste Management Authority

# STAFF REPORT

**To:** SBWMA Board Members

**From:** Brian Ponty, Board Member and Financing Manager
Kevin McCarthy, Executive Director

**Date:** May 28, 2009 Board Meeting

**Subject:** Approval of Final Plan of Finance for Shoreway Master Plan Improvements

## Recommendation

The Financing Team recommends Board approval of a financing plan consisting of fixed rate (tax-exempt) bonds plus a Member Agency loan provision subordinate to the publicly offered fixed rate debt. Documents for both a Member Agency loan and a fixed rate bond sale will be prepared simultaneously. The Member Agency loan portion of the financing shall not exceed $10 million and, in order to limit professional time and legal fees spent on developing a funding alternative that member agencies may ultimately decline to invest in, member agencies must agree to and sign a term sheet by June 15th. A draft term sheet is included as **Attachment A**.

## Background

On May 19th the Board considered six financing options,

Option A – Public Sale of 100% Fixed Rate Tax Exempt Bonds
Option B – Public Sale of 100% Variable Rate Bonds
Option C – Public Sale of 70% Fixed Rate/30% Variable Rate Bonds
Option D – Member Agency 5-year Bond, Balance Fixed Rate Bonds
Option E – Private Placement for 100% of the Project Cost
Option F – Private Placement for Sorting Equipment Only, Balance Public Sale of Fixed Rate Bonds

The Board requested additional information regarding the Option D – Member Agency 5-year Bond, Balance Fixed Rate Bonds and directed staff to bring back to the Board on May 28th for its final consideration Options D and A. This staff report provides additional information on the full rate impact associated with Option D, the risks associated with Option D and the likely terms of the Member Agency loan associated with Option D. The interest rate on the Member Agency loan and the publicly offered bonds will not be known until they are priced in early August.

Key information from the May 19th Board meeting included a summary of each option, including estimated rate impacts which ranged from 2.4% to 2.91%. In June 2008, when the Board originally approved the bond issuance, the rate impact was estimated at 5.85%. The table on the next page shows the estimated rate impact of 2.91% for Option A on monthly residential garbage rates for each Member Agency:

| Member Agency | 2009 32- Gallon Can Monthly Solid Waste Rate | Estimated Rate Impact of New Debt Service @ 2.91% (Option A) | Estimated Rate Impact of New Debt Service @ 5.85% (6/26/08 Board Mtg) |
|---|---|---|---|
| Town of Atherton | $23.68 | $0.69 | $1.39 |
| City of Belmont | $20.17 | $0.59 | $1.18 |
| City of Burlingame | $15.38 | $0.45 | $0.90 |
| City of East Palo Alto | 25.13 (95 gal) | $0.73 | $1.47 |
| Fair Oaks - Unincorp. SM County | 20.93 [1] | $0.61 | $1.22 |
| City of Foster City | $13.20 | $0.38 | $0.77 |
| Town of Hillsborough | $29.22 | $0.85 | $1.71 |
| City of Menlo Park | $14.80 | $0.43 | $0.87 |
| City of Redwood City | $19.20 | $0.56 | $1.12 |
| City of San Carlos | $18.63 | $0.54 | $1.09 |
| City of San Mateo | $13.40 | $0.39 | $0.78 |
| West Bay Sanitary District | $20.26 | $0.59 | $1.18 |
| [1] Proposing increase June 16th - $22.21 | | | |

Updated information was also provided on the project costs which are currently estimated at $47.9 million. These lower project costs, coupled with the effects of differing plan of finance options, produces a range of total bond issuance amounts of $54-56 million, well below the authorized amount of $65.5 million.

The Board previously discussed updated plan of finance information at the April 23rd Board meeting and a study session on April 6th.

## Analysis

The SBWMA Board at its May 19th special meeting directed the Financing Team to prepare documents for a fixed rate bond sale with additional analysis brought back on specified issues related to the Member Agency loan scenario, Option D. The Board also requested that an early call provision for the fixed rate bonds be analyzed. The recommended plan is effectively a slightly revised version of Option D as presented in the 5/19/09 staff report.

No other financing options will be considered after this point. No direction is needed at this time on anything other than which plan of finance to document. Substantially final documents will be presented to the Board on July 23rd, at which time the Board will be asked to approve those documents and the sale of publicly offered bonds, subject to a maximum bond issue size, maximum true interest cost and maximum underwriting discount and the sale of Member Agency bonds subject to a maximum bond size and maximum true interest cost.

Direction on optional redemption is premature at this point. Our underwriter, Bank of America Securities (BAS), will determine investor interest and likely pricing for these marketing features in the context of discussing our credit with investors as we approach our sale date. Because bond pricing is market sensitive, and the market is extremely volatile at present, we will want to get optional redemption feature pricing information as close to the sale date as possible in order to assesses the likely costs and benefits of pricing bonds with early optional redemption features. BAS can provide us with more realistic pricing indications by our July 23rd Board meeting date. Special direction, informed by likely costs, can be given to the Financing Team by the Board at that time regarding what type of optional redemption features BAS should market the bonds with.

*Full Rate Impact of Member Agency Loan Option*

A correction to the rate impact for Option D is necessary. The 2.40% rate impact associated with Option D as reported in Table 2 of the May 19, 2009 staff report was for the period after repayment of the Member Agency loan, 2015-2036. **The rate impact presented in staff report should have been for the period 2009-2014, showing the impact on rates associated with interest payable on the Member Agency loan and the balance of the publicly offered debt. The rate impact for this period is 2.75%.**

Neither of these rate impacts includes the cost associated with repaying the principal of the Member Agency loan. This was because principal was expected to be repaid from accumulated surplus revenues and was scheduled as a balloon payment in 2014. The Financing Team presents two ways to smooth this payment out and arrive at a rate impact for each. Neither is completely representative, which is why they were not presented in the May 19$^{th}$ staff report, but they do help to inform the discussion. We further discuss the issue of surplus earnings, out of which the Member Agency loan is expected to be repaid, and how sur plus earnings relate to the rate impact of issuing debt.

1. **Worst Case Scenario** – Although it is expected that the Member Agency loan will be repaid with cash in 2014, it is possible that combination of commodity revenue shortfalls and operating expense increases could make it impossible to use cash to pay off the Member Agency loan. In this case the loan would have to be refunded with debt. The cost of that debt would depend on future interest rates and the expenses associated with issuing the debt, but using the assumptions shown on page 36 the May 19, 2009 staff report relating to bond issuance costs and interest rates, the debt service on that refunding would be approximately $575,000. **That would produce maximum annual debt service of $4.331 million, which has a rate impact of 3.07%.**

2. **Straight Line Amortization** – The Member Agency loan as described in the May 19$^{th}$ staff report would not actually be amortized. Instead, the principal associated with the loan would be repaid with surplus earnings that accrue to unallocated fund balances. In 2009 and 2010 these earning will be used to bring our operating reserve to fully funded levels (10% of operating expenses). Starting in 2011 surplus earnings is projected to be sufficient to set aside amounts for repayment of the Member Agency loan. Because receipt of these amounts occur in uneven "lumpy" quantities, and are not fully required to service the debt on the Member Agency loan, we would not want to use the annual amounts realized as our imputed debt service. Instead, we can calculate a straight line amortization of the $6 million loan ($1.5 million per year) and add interest ($300,000 estimate) to come up with an imputed debt service of $1.8 million per year. If this amount is added to the annual debt service on the balance of our debt, maximum annual debt service from 2009 through 2014 is $5.556 million and $3.756 million thereafter. **The rate impact would be 5.56% through 2014 and 2.40% thereafter.**

**Surplus Earnings Necessary for Debt Service Coverage** – Each of the options presented requires debt service coverage greater than the coverage a debt-free enterprise would require. Without debt, prudent operating coverage (surplus net revenues) might be in the range of 1.1 to 1.15 times, depending on surplus cash flow necessary to build up reserves, fund the annual capital budget and fund the depreciation of assets for repair and replacement. With debt, investors expect higher coverage, in the range of 2.25 – 2.75 times, in order to assure them that the enterprise will have sufficient revenues to pay debt service. This extra coverage allows the enterprise to accumulate the unallocated reserves that are the source of funds to repay the Member Agency loan and retire debt early. **This coverage is applicable to all of the financing options under consideration.** The Member Agency loan scenario does not have a higher coverage allowance than any of the other financing options. The Option D Member Agency loan will be repaid from the surplus cash flow generated by coverage. Because all of the bond funding options require the same level of coverage, it would be inappropriate to assign the coverage as a rate impact attributable to any single option.

In order to maintain our current rating of "A-", the Financing Team believes that we need to present the rating agencies with pro forma cash flow estimates showing coverage of no less than 2.5 times. Because the bonds will be reviewed and rated approximately three weeks prior to our bond sale, we will use an estimated interest rate in the pro formas. That rate will be approximately 50 basis points (.5%) higher than the then-current market to present a conservative estimate that allows for adverse market moves prior to the sale date.

Because tipping fees have not been adjusted since January 2009 when we were planning for a \$65.5 million bond issue and an interest cost close to 7%, and because cash flow pro forma estimates presented to the Board in the May 19th staff report use interest costs current as of May 7, 2009 (approximately 5.85%) and smaller bond issue sizes, all of the financing options show coverage after completion of construction in the range of 3.0 times, and in some cases, higher. Reducing future franchise solid waste and plant material tipping fee increases after operating reserves are fully funded (beginning in around 2012) to a level that produces coverage of approximately 2.5 times coverage will still allow an accumulation of unallocated reserves in an amount sufficient to pay off a Member Agency loan in the range of \$6-\$10 million by 2014, although it could substantially limit the rate at which the authority would be able to retire the balance of its debt early.

*Risk Factors to SBWMA Associated with Member Agency Loan*
Assuming the Member loan has the draft terms as shown in Attachment A, there are several basic risks to the SBWMA associated with pursing this financing option.

1. **Risk:** The arm's length pricing method produces an interest cost on this portion of our debt that is higher than we would pay for a special term bonds with a 5 year optional call at par.
**Solution:** The SBWMA's obligation to sell a 5-year balloon payment bond to member agencies should be conditioned on the yield on that bond being equal to or less than the yield it would pay on a special term bond callable in 5 years at par. BAS, in negotiation with investors, will determine this yield.
**How it would work:** The Member Agency loan would be priced at the same time as the bonds. If the cost is greater than a special term bond, then that portion of the debt would not be sold to the members unless they agreed to a rate equal to the cost of a special term bond. The SBWMA would incur the costs for bond counsel to prepare the Member Agency loan documentation (estimated at \$10,000 - \$15,000) and any SBWMA in-house legal counsel fees that might be incurred in connection with the structuring of the loan. No other costs would be expected.

2. **Risk:** Operating expenses are greater than expected and/or commodity revenues are less than expected, causing a material decrease in future surplus revenues that make it impossible to repay the Member Agency loan with cash. This would require that the loan be refunded with bonds subject to an AMT interest rate premium. This would have the effect of increasing the rate impact to the highest of the financing options reviewed (estimated at 5.56%; see *Full Rate Impact of Member Agency Loan Option* above).
**Solution:** Increase tipping fees annually in an amount sufficient to make up for revenue shortfalls to allow for cash redemption of the Member Agency loan or increase the tipping fees

in 2013 and 2014 only enough to provide the coverage necessary to sell refunding bonds in an amount sufficient to pay off the Member Agency loan.

3. **Risk:** Member Agencies notify the SBWMA prior to the bond purchase date that they want to withdraw or reduce their purchase commitments. They could do this for any number of reasons, including dissatisfaction with the terms of the loan or simply reconsideration of their interest.
   **Solution:** As long as BAS is notified by the day prior to the mailing of the preliminary official statement (the "POS") (the primary disclosure document) of the amount of Member Agency order cancellations, reference to the Member Agency loan can be deleted from the POS, making for a less confusing and cleaner marketing story, and the publicly offered bonds can be increased by the amount of the order cancellations. The SBWMA might incur non-contingent legal fees associated with Member Agency loan documentation. Such fees would have to be paid even if no Mem ber Agencies loaned funds.

4. **Risk:** Member Agencies fail to follow through on their commitments to purchase bonds after the bond pricing date.
   **Solution:** Member Agencies that agree to purchase bonds could be required execute a bond purchase agreement on the date publicly offered bonds are priced by BAS. This would be a firm commitment to deliver funds on the bond closing date. It would be subject to the same cancellation terms as the BAS bond purchase agreement. Orders cancelled after the publicly offered bonds are priced would require either a subsequent pricing of publicly offered bonds <u>which could entail substantial costs</u> or some other type of financing arrangement, such as a bank loan. There is no assurance that a bank (such as SunTrust) would be willing to loan funds on terms acceptable to the SBWMA. The costs of any such alternative funding arrangement cannot be determined at this time.

*<u>General Description of Member Agency Loan</u>*
Member Agencies may purchase rated serial bonds of the SBWMA maturing in 2012, 2013, and 2014. Depending on the amortization term of the SBWMA bonds and the interest rates and yields, the amount maturing in these years could range from approximately \$3 - \$4 million. Additionally, Member Agencies will be able to invest in a Member Agency Loan in an amount of not more than \$10 million that will mature on September 1, 2014 (or 5 years from the bond issuance date, whichever is earlier). BAS will not charge an underwriting fee associated with the purchase of rated serial bonds or an investment in the Member Agency Loan. The Member Agency Loan will pay interest only. The interest rate on the Member Agency Loan will be established by an independent 3rd party in an arm's length transaction. The rate/yield may not be greater than the rate/yield determined by BAS that is necessary to induce investors to accept a 5-year optional redemption provision for a special term bond with a maturity equal to the longest maturity of the bonds to be sold by the SBWMA. The Member Agency Loan will not be rated. Investment in the Member Agency Loan will be limited to accredited investors. Investors will be required to execute a "big boy" purchaser investment letter.

The SBWMA will covenant to provide coverage on the Member Agency Loan in an amount at least equal to 1.0 times the sum of operating expenses, debt service on all debt (excluding balloon payments, if any), franchise fees, and other annual expenses payable from the Revenue Fund. The Member Agency Loan will be subordinate to the publicly offered bonds and will not have a debt service reserve fund as additional security. Payment on the Member Agency Loan will be limited to Net Revenues of the enterprise after payment of debt service on priority debt. The Member Agency Loan will be redeemable at the option of the SBWMA on any date prior to its maturity at the par value thereof, plus accrued interest to the date of redemption. Default under the Member Agency Loan will not trigger a default under senior bonds, but default under senior bonds will be a default under the

Member Agency Loan; if there is a default under senior bonds, all amounts due on senior bonds will be paid prior to any payment under the Member Agency Loan. The SBWMA will be able to sell additional obligations on parity with the senior bonds, or subordinate to the senior bonds but senior to the Member Agency Loan, without consent of owners of the Member Agency Loan provided the SBWMA is in compliance with the rate covenant.

## Scheduling

*Construction and Operational Cost Savings* – The construction contract must be awarded by July 24, and is currently scheduled for award at the Board's regularly scheduled July 23 meeting. Failure to award the contract by July 24 will cause the bids to lapse, and require the project to be rebid. Rebidding will add another eight weeks to the schedule. This would further delay operational cost savings, reduced disposal costs and increased commodity revenues.

*Financing* – Substantially final financing documents must be approved by the Board by the July 23rd meeting to allow for a public bond sale approximately 1-2 weeks later and a bond closing 2 weeks after the sale.

In order to close a bond sale by September 1, the structure must be selected and documentation must begin by the end of May.

| Date | Activity |
|---|---|
| May 28 | Board selects plan of finance & documentation begins. |
| May – July | Financing team documents bonds and obtains ratings; additional Member Agency bond structure reviews and direction to Board representatives. |
| July 23 | SBWMA Board approves bond documents and bond issuance. |
| August 4 | Sell bonds |
| August 19 | Close bonds |

## Fiscal Impact

The rate impact associated with the recommended plan of finance will not be known until the final documentation is brought to the Board for approval on July 23rd. The estimated rate impact of a 100% fixed rate bond issuance is 2.91%.

**Attachment A – Member Agency Loan Terms Sheet Memorandum**

NOSSAMAN LLP | Memorandum

**TO:** SBWMA Finance Team

**FROM:** Jeff A. Stava

**DATE:** May 21, 2009

**RE:** Proposed Term Sheet for Member Bonds
290896-0001

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In connection with the proposed SBWMA financing, it has been requested by some Members that the Board consider simultaneously privately placing not-to-exceed $10 million in bonds (the "Member Bonds") with certain Members interested in such an investment. In order to avoid rating problems (primarily resulting from default risk if surplus revenues aren't sufficient to pay the short term obligations), the Member Bonds will be subordinate to the publicly offered obligations. The following outlines the major differences between the senior, publicly offered obligations (the "Senior Bonds") and the Member Bonds:

- Maturity of Member Bonds to be no greater than 5 years, with semi-annual interest only payments until maturity.
- Interest rate established at arms-length, market rate (as verified by an independent pricing agent); Interest rate not to exceed rate on a special term Senior Bond with a 5-year optional redemption provision.
- Issued in minimum denominations of $100,000.
- No call protection (redeemable in whole or in part on any date prior to maturity).
- No reserve fund for the Member Bonds, and no access to the Reserve Fund created for the Senior Bonds.
- Payment of semi-annual debt service on Member Bonds payable from surplus Net Revenues after payment of debt service (including Reserve Fund replenishment) on the Senior Bonds.
- Unrated; because the Member Bonds will be subordinate, they will be of lesser credit quality than the Senior Bonds. The Senior Bonds are expected to have a

credit rating, while the Member Bonds will not be rated. It may be difficult, if not impossible, for the owner to sell the Member Bonds prior to maturity.

- Authority is able to sell additional obligations on parity with the Senior Bonds, or subordinate to the Senior Bonds but senior to the Member Bonds, without consent of owners of Member Bonds provided Authority is in compliance with the Rate Covenant (described below).

- Rate Covenant will track first part of Senior Bonds covenant--annual Revenues equal to one times M&O, debt service, reserve fund replenishment and other obligations (including payments on Member Bonds) payable from Revenue Fund (no coverage requirement).

- Default under Member Bonds will not trigger a default under Senior Bonds, but a default under Senior Bonds will be a default under Member Bonds; if there is a default under Senior Bonds, all amounts due on Senior Bonds will be paid prior to any payment under Member Bonds.

While the owners of the Member Bonds will be receiving the benefit of the initial disclosure and continuing disclosure obligations of the Authority, such disclosure will not reflect the additional risks associated with the subordinate nature of the Member Bonds. Subsequent resale of the Member Bonds will be restricted to "accredited investors," as certified at the time of resale.

RethinkWaste
South Bayside Waste Management Authority

Attachment B-2

# STAFF REPORT

**To:** SBWMA Board Members

**From:** Brian Ponty, Board Member and Financing Manager
Kevin McCarthy, Executive Director

**Date:** May 19, 2009 Special Board Meeting

**Subject:** Report on Shoreway Masterplan Improvements Plan of Finance Options

**Recommendation**

This is an informational report and no formal action is necessary. This staff report serves as an update to the information shared at the Board meeting held on April 23, 2009. The finance team has prepared a preliminary ranking of preferred plan of finance options as detailed below and is seeking Board direction on which finance option to bring back to the May 28th Board meeting as the final plan of finance.

The financing options should be evaluated in light of their respective likelihoods of providing funds in time to assure retention of the low construction bids and their respective risk/reward profile. **The current construction bids expire on July 24 – 93 days from submission.** Table 2 on page 8 summarizes each option, including denoting the True Interest Cost (TIC). The TIC is the discount rate that discounts the debt service payments back to the bond purchase price, treating the underwriter's discount as prepaid interest. Federal tax law requires that assets financed with tax exempt bonds be amortized over a period no longer than 120% of their useful life.

Under each of the options presented below, a portion of the bonds will be allocated to the single stream equipment such that it will be fully amortized within 15 years. The debt service schedules in Attachment 3 show annual bond amortization.

The options are recommended in the following order of priority. The financing team believes that the top four options are all viable. The selection of one over another turns on 1) the value placed on minimizing interest expense and willingness to take on risk factors in order to do so, 2) the value placed on low-cost redemption features, and 3) the value placed on achieving consensus among member agencies. All have a substantially similar rate impact that will be measured in cents, not dollars, in the monthly garbage rate.

1. **Option D:** 100% fixed rate (tax-exempt) bonds with a member agency loan <u>subordinate</u> to the publicly offered fixed rate debt offers a potentially low cost means of redeeming some debt early with surplus cash reserves. **This option is recommended only if member agencies will accept subordinate debt**. The costs of structuring this financing are marginally higher than an all-public sale (i.e., 100% fixed rate bonds), but not materially so (bond counsel estimates an increase in its fee of approximately $15,000). Member agencies should be required to commit to purchase debt by June 15 so as not to incur legal and consultant costs unnecessarily. Closing would take place in mid-August.

2. **Option A:** 100% fixed rate is the most conservative and straightforward structure to document. The risks are limited solely to credit markets at the time of sale dictating the final interest cost. The estimated interest cost for a public sale of our debt has declined nearly 100 basis points since our April 6th Board meeting. With

this decline in interest rates and the suspension of the AMT tax treatment associated with our bonds (the AMT interest rate premium is currently estimated at 125 basis points), the reasons for lowering our cost of funds by assuming variable rate risks are less compelling than they were when we developed a hybrid fixed/variable rate debt alternative (when our cost of funds was estimated at 6.75%) and when we first began exploring variable rate debt (when, due to the AMT premium our cost of funds was approaching 8%).

100% fixed rate financing secures non-AMT tax-exempt debt for the life of the financing. Early redemption features tailored to the surplus revenue projections in our cash flows can be structured for all or a portion of the debt. The cost would be negotiated with investors at the time of the sale. For this option and **Option D** above the debt would be structured with serial bonds to reflect the different depreciation schedules associated with building improvements vs. single stream equipment purchase; 25 years vs. 15 years, respectively.

3. **Option C:** A hybrid 70% fixed rate, 30% variable rate structure offers the potential of modest interest cost savings. SBWMA accepts some interest rate risk, letter of credit renewal and downgrade risk and basis risk in exchange for potential interest rate savings. Free cash flow is expected to be strong enough to fund a rate stabilization reserve within two years to mitigate against interest rate risk. Unallocated reserve balances are expected to be large enough in 5 years to repay all of the variable rate debt early. While this early prepayment option is compelling, it is not costless. This option will be purchased by taking on risks rather than paying investors for the right to redeem debt early.

4. **Option F:** 100% fixed rate with a private placement for the equipment portion of the financing has a slightly higher yield and TIC than a 100% fixed rate public offering for the entire financing requirement. Because the balance of the financing must be sold with a public sale, there are no costs of issuance savings other than the underwriting discount. These savings are not realized, however, when the TIC of a private placement with the balance sold publicly (**Option F**) is compared to a 100% public offering (**Option A**). Based on indicative rates, **Option A** has a lower TIC than **Option F** (5.93% vs. 5.96%). This private placement option also has prepayment terms that are more expensive than those available with a public sale. Because we expect sizable free cash flow that will be available for early bond redemption, this is an important consideration. Further, negotiation for $17.2 million of debt for MRF equipment is limited to a single investor rather than with multiple investors. Indicative rates show that paying an agent (our underwriter) to negotiate with multiple investors is more likely to result in a lower cost. If the financial strength of our enterprise allows our rating can be upgraded to A or better (from A-), the public sale advantage is likely to widen. Our rating will not be assigned until mid to late July.

5. **Option B:** 100% variable rate is **not recommended**. Although we believe our revenue stream will be quite strong, it is nevertheless highly dependent on achieving our diversion goals and on projected commodity prices. Failure of commodity markets to achieve price expectations combined with one or more adverse financing structure risk outcomes (i.e., high interest rates, LOC downgrade or non-renewal, and adverse basis relationships) could imperil the financial stability of the enterprise. In light of the enterprise's ability to service fixed rate debt and the

sizable excess reserves that result with either a fixed rate debt financing or a financing comprised of fixed and variable rate debt, the financing team does not recommend that our member agencies take on the amount of risk associated with a 100% variable rate debt issue.

6. **Option E:** 100% private placement is **not recommended**. No proposals were received for this option despite attempts to solicit one.

All of the above six options assume that all project financing is obtained at the same time, not phased, and existing debt is redeemed concurrently with the sale of bonds in 2009. Enterprise cash flows during construction are insufficient to service debt on both the 2000 bonds and the 2009 bonds and still meet bond financial covenants and maintain an adequate operating reserve.

Phasing the sale of debt is possible, but could have adverse consequences. There are two discrete phases of the project remaining: MRF demolition and construction and transfer station remodel and the single stream processing equipment installation. The scale house project has been funded with cash reserves which will be repaid with bond proceeds. The single stream equipment is central to the operation of the MRF. If it is funded at a later date, the official statement would have to disclose its essentiality to the operation of the enterprise and its necessity to generate commodity revenues, and the possibility that funding could not be obtained. It would be best not to have to include this type of disclosure as it could adversely affect our rating and the interest rate on the debt sold to fund the balance of the project.

It is important to note that the project assumptions such as interest rates reflect current market conditions, and are subject to change prior to final bond sale. Some other project costs such as construction management services, Shoreway operator costs, etc. are under negotiations and also subject to change. We do not expect any changes to materially effect the overall project sizing.

**Scheduling**

*Construction and Operational Cost Savings* – The construction contract must be awarded by July 24, and is currently scheduled for award at the Board's regularly scheduled July 23 meeting. Failure to award the contract by July 24 will cause the bids to lapse, and require the project to be rebid. Rebidding will add another eight weeks to the schedule. This would further delay operational cost savings, reduced disposal costs and increased commodity revenues.

*Financing* – Substantially final financing documents must be approved by the Board by the July 23rd meeting to allow for a public bond sale approximately 1-2 weeks later and a bond closing 2 weeks after the sale. Direction from the Board at its May 28th meeting on what plan of finance to implement is required to bring documents to the Board for its approval on July 23rd. A private placement could be structured and documented in 4-5 weeks. A public offering will take approximately 6-8 weeks. If keeping the construction bids viable is a top priority, delaying beyond May 28th a decision on how to finance the project could remove a public sale as a viable financing option. The current construction bids are $11.078 million less than the 100% design estimate. When the federal stimulus spending commences and economic activity picks up, our low bids could be in jeopardy. How much the bids might rise as a result of more construction activity competing for the attention of contractors is unknown.

In order to close a bond sale by September 1, the structure must be selected and documentation must begin by the end of May.

| Date | Activity |
| --- | --- |
| April 22 | Construction bids submitted. Was previously April 16th but was extended due to extensive RFIs and requests from several general contractors for a delay. The bid addendum extending the deadline also extended the pricing period from 90 days to 93 days; this means the pricing in the construction bids is valid through July 24th. |
| April 23 | Board selected South Bay Recycling as the facility operator. |
| May 8 | Deadline for banks to submit Letter if Interest re extending an LOC to the SBWMA. This deadline was previously April 17th, but was extended to allow for the financing team to update cash flows reflecting Phase 2 bid results and the Shoreway operator decision. Deadline for private placement proposal. Letter of Interest received on May 8th from US Bank and private placement proposal received from Suntrust on May 12th. |
| May 19 | Special Board meeting to review plan of finance options. |
| May 28 | Board selects plan of finance & documentation begins. |
| May – July | Financing team documents bonds and obtains ratings; additional member agency bond structure reviews and direction to Board representatives. |
| July 23 | SBWMA Board approves bond documents and bond issuance. |
| August 4 | Sell bonds |
| August 19 | Close bonds |

**Options Under Consideration**

The finance team presented the Board with the following three options for its consideration on April 6th:

A. Public sale of 100% fixed rate tax-exempt bonds;
B. Public sale of 100% variable rate tax-exempt bonds;
C. Public sale of 70% fixed rate tax-exempt bonds and 30% variable rate tax-exempt bonds

The Board expressed an interest in early call redemption features being added to fixed rate bonds. The April 23rd presentation suggested that savings may be might not be readily achievable. However, early call provisions can be incorporated into all or a portion of the bonds at the time they are marketed. The cost would be negotiated with investors at that time. This option will remain available until bonds are priced if a public sale of fixed rate bonds is selected. Variable rate bonds have no call protection. This option is always available at no extra cost if variable rate bonds are selected.

The Town of Hillsborough and City of Burlingame requested that the following additional financing alternatives be more fully investigated and presented to the Board:

D. Private placement of a 5-year bond with Member Agencies in an amount to be determined and at a market rate with the balance financed with fixed rate bonds;
E. Private placement of 100% of the project cost, or
F. Private placement of single stream equipment only with balance financed with fixed rate bonds.

*Updated Cost Assumptions* – Project cost assumptions have been updated to reflect the April 22nd construction bids. Bond sizings for each option have been updated to reflect the lower project cost and the most current estimates of fixed interest rates. The new estimated project size is $48 million vs. the previous estimate of $59.1 million. Table 1 below shows updated project costs.

**TABLE 1**

| **SHOREWAY CAPITAL PROJECT COST ESTIMATE APRIL 2009** (000's) | **JAN 2009** | | **APR 2009** | |
|---|---|---|---|---|
| | **Estimated Current COST** | **Estimated Maximum COST** | **Estimated Current COST** | **Estimated Maximum COST** |
| **BASE** | | | | |
| Planning & scale design | 2,269.1 | 2,269.1 | 2,404.0 | 2,404.0 |
| Non-Contingent Bond Issuance Costs | | | 90.5 | 90.5 |
| Scales | 2,195.0 | 2,195.0 | 2,322.6 | 2,322.6 |
| TS & MRF Building | 29,129.5 | 29,129.5 | 17,637.0 | 17,637.0 |
| TS Building | 8,636.6 | | 4,977.0 | |
| MRF Building | 14,896.0 | | 12,660.0 | |
| Site Work | 4,135.9 | | - | |
| Soft Costs | 1,461.0 | | 786.7 | 786.7 |
| Construction Management | 2,223.3 | 2,223.3 | 2,716.3 | 2,716.3 |
| | | | | - |
| **Building sub-total** | 35,816.9 | 35,816.9 | 25,957.1 | 25,957.1 |
| MRF Equipment[1] | 15,117.1 | 15,117.1 | 13,730.4 | 13,730.4 |
| Installation and Start-up [2] | 2,840.2 | 2,840.2 | 3,487.8 | 3,487.8 |
| **TOTAL BUILDING & EQUIPMENT** | 53,774.2 | 53,774.2 | 43,175.3 | 43,175.3 |
| **ADD** | | | | |
| | | *10.0%* | | *12.5%* |
| Additional Contingency | | 5,377.4 | | 4,806.1 |
| **TOTAL PROJECT** | **53,774.2** | **59,151.6** | **43,175.3** | **47,981.4** |

[1] Jan '09 - Average - Hudson & SBR, incl. options
Apr '09 - SBR proposal

[2] Jan '09 - Average - Hudson & SBR. + fire suppression ($75k)
Apr '09 - SBR proposal + fire suppression ($75k), excluding options

Cash flows in 2009 and 2010 are weak. Reserve balances in these years have been improved by adding a bond-funded working capital reserve. The capitalized interest allowance has been reduced to only one year of interest to augment the 2010 cash flow. These changes are recommended for the public offering options in order to improve debt service coverage and ending reserve balances and to improve our chances of obtaining a rating increase. Debt service continues to be shown as two years of interest only followed by 25 years of amortization. If interest rates continue to fall and adequate coverage can be maintained, amortization will be shortened to 20 years provided this does not adversely affect the rating agency's credit assessment and it does not require any increase in tipping fees beyond those that are currently reflected in our pro formas. Shortening the amortization term would lower our average interest cost and the total interest paid.

The fixed interest rates associated with a public offering are based on rate indications provided by Bank of America Securities (BAS) as of Thursday, May 7; these rates have continued to decline since April. The private placement rate indications are as of the same date and were provided by SunTrust. The rate indications are not offers to buy and should not be considered as such. It is assumed the indications were made in good faith and are not "low ball" estimates designed to make the respective sale methods more attractive.

**Summary of Results**

Table 2 summarizes the results of each of the five options under consideration (as no response was received for Option E – 100% Private Placement, it is not presented in the table). Table 3 shows a side-by-side comparison of the uses of funds associated with each option

**Table 2**
**Summary of Financing Options**

| | Option A | Option B | Option C | Option D | Option F |
|---|---|---|---|---|---|
| Description | 100% Fixed Rate | 100% Variable Rate | Hybrid 70% Fixed/ 30% Variable | Fixed Rate Plus Member Agency Loan | 100% Fixed w/ Private Placement for Equip. |
| Total Debt | $56.055 mm | $54.005 mm | $55.215 mm | $55.320 mm | $55.390 mm |
| Preliminary Ranking | 2 | 5 | 3 | 1 | 4 |
| Avg. Interest Rate | 5.58% | 3.4%(1) | 5.58%/3.4%(1) | 5.56% | 5.64% |
| Bond Yield | 5.85% | 3.4%(1) | 5.85%/3.4%(1) | 5.82% | 5.91% |
| TIC | 5.93% | 3.4%(1) | 5.93%/3.4%(1) | 5.90% | 5.96% |
| LOC Fee | NA | 1.75% | 1.75% | NA | NA |
| Remarketing Fee | NA | 0.10% | 0.10% | NA | NA |
| Annual Debt Service Payment | $4.199 mm | $3.928 mm | $4.099 mm | $3.756 mm(4) | $4.168 mm |
| Estimated Rate Impact (new debt service only) | 2.91% | 2.60% | 2.80% | 2.40%(6) | 2.82% |
| Prepayment Terms | 100% after 10 yrs | 100% any pmt date | (2) | (3) | Par +3% any pmt date |
| Special Risks | • None | • LOC<br>• Basis<br>• Interest rate | • LOC<br>• Basis | • Refunding<br>• Revenue (5) | • None |
| Advantages | • Fixed rate, 25 years | • Likely low interest<br>• No call protection | • Likely low interest<br>• No call protection<br>• Reduced risk over Option B due to lower principal at risk | • No call protection on member loan<br>• Likely slightly less costly than Option A | |
| Disadvantages | • 10 yrs call protection | • Interest rate risk<br>• LOC renewal risk<br>• Basis risk | • Interest rate risk<br>• LOC renewal risk<br>• Basis risk | • Dependent on surplus revenues<br>• Refunding interest rate risk<br>• More expensive if must refund | • Can't take advantage of low issuance costs<br>• Higher indicative rate/yield<br>• Call protection more expensive |
| Estimated 2014 Reserves | $27.567 mm | $28.643 mm | $27.956 mm | $27.488 mm | $27.650 mm |

(1) Variable
(2) Par after 10 yrs for fixed rate, par any date for variable rate
(3) Par after 10 yrs for fixed rate; par on any date for member agency loan
(4) No amortization reflected for agency loan; balloon maturity on 9/1/2014
(5) Interest rate risk if loan refunded; risk that enterprise revenues will be insufficient to pay off loan with cash
(6) Only interest on the member agency loan is included in this calculation. Because the principal is assumed to be repaid with surplus cash and not amortized over time, it is not captured by this calculation.

TABLE 3

## SBWMA
## Plan of Finance Options
### *Project Cost & Sources and Uses of Funds*

| # | | Redeem 2000 Bonds | Option A 100% Fixed Rate | Option B 100% Variable Rate | Option C 70%/30% Fixed/Variable | Option D Member Loan/ Fixed Rate | Option F Pvt. Placement/ Public Sale |
|---|---|---|---|---|---|---|---|
| | Rank | | 2 | 5 | 3 | 1 | 4 |
| | **2009 BOND FUNDING** | | | | | | |
| 1 | Project Cost to Fund | | 47,981,388 | 47,981,388 | 47,981,388 | 47,981,388 | 47,981,388 |
| | Less: Paid in 2008 | | (1,991,000) | (1,991,000) | (1,991,000) | (1,991,000) | (1,991,000) |
| | Plus Redeem 2000 Bonds | 14,086,580 | | | | | |
| | Less Prior Bonds DSRFs | (1,690,000) | | | | | |
| | Less: Cash from SBWMA Reserves (1/1/09) | (12,396,580) | (2,603,421) | (2,603,421) | (2,603,421) | (2,603,421) | (2,603,421) |
| 2 | Net Project Cost to Finance | | 43,386,967 | 43,386,967 | 43,386,967 | 43,386,967 | 43,386,967 |
| | Plus: Bond Issuance Costs | | 787,385 | 1,151,736 | 760,419 | 750,240 | 672,400 |
| | Plus: DSRF Reserve | | 4,199,050 | 3,928,359 | 4,099,213 | 3,756,000 | 3,820,000 |
| | Plus 2009 Capitalized Interest | | 3,037,050 | 2,835,263 | 2,962,450 | 2,975,500 | 3,055,970 |
| | Plus: Original Issue Discount | | 1,934,519 | - | 1,308,007 | 1,773,357 | 1,782,513 |
| | Plus: Working Capital | | 2,706,024 | 2,700,250 | 2,695,350 | 2,677,332 | 2,680,874 |
| | Rounding | | 4,005 | 2,425 | 2,594 | 603 | 1,275 |
| 3 | Bond Issue Size | | 56,055,000 | 54,005,000 | 55,215,000 | 55,320,000 | 55,400,000 |
| | TIC | | 5.93% | Variable | 5.93% (1) | 5.90% | 5.96% |
| | Bond Yield | | 5.85% | Variable | 5.85% | 5.82% | 5.91% |
| | All-In TIC | | 5.99% | Variable | 5.93% | 5.97% | 6.03% |
| | Term, Years | | 25 | 25 | 25 | 25 | 25 |
| 5 | Level Annual Debt Service | | 4,199,050 | 3,928,359 | 4,099,213 (3) | 3,756,000 (2) | 4,165,840 |
| | Less 2000 Bonds Debt Service | | (1,690,000) | (1,690,000) | (1,690,000) | (1,690,000) | (1,690,000) |
| 6 | New Project Debt Service | | 2,509,050 | 2,238,359 | 2,409,213 | 2,066,000 | 2,475,840 |
| 7 | Interest Only | | 3,037,050 | 2,835,263 | 2,962,450 | 2,975,500 | 3,045,650 |

(1) Fixed portion only. Remainder is variable
(2) Excludes amortization of member agency loan
(3) Includes LOC, interest and remarketing at 5.25%

The balance of the staff report contains four Attachments as described below.

***ATTACHMENTS***

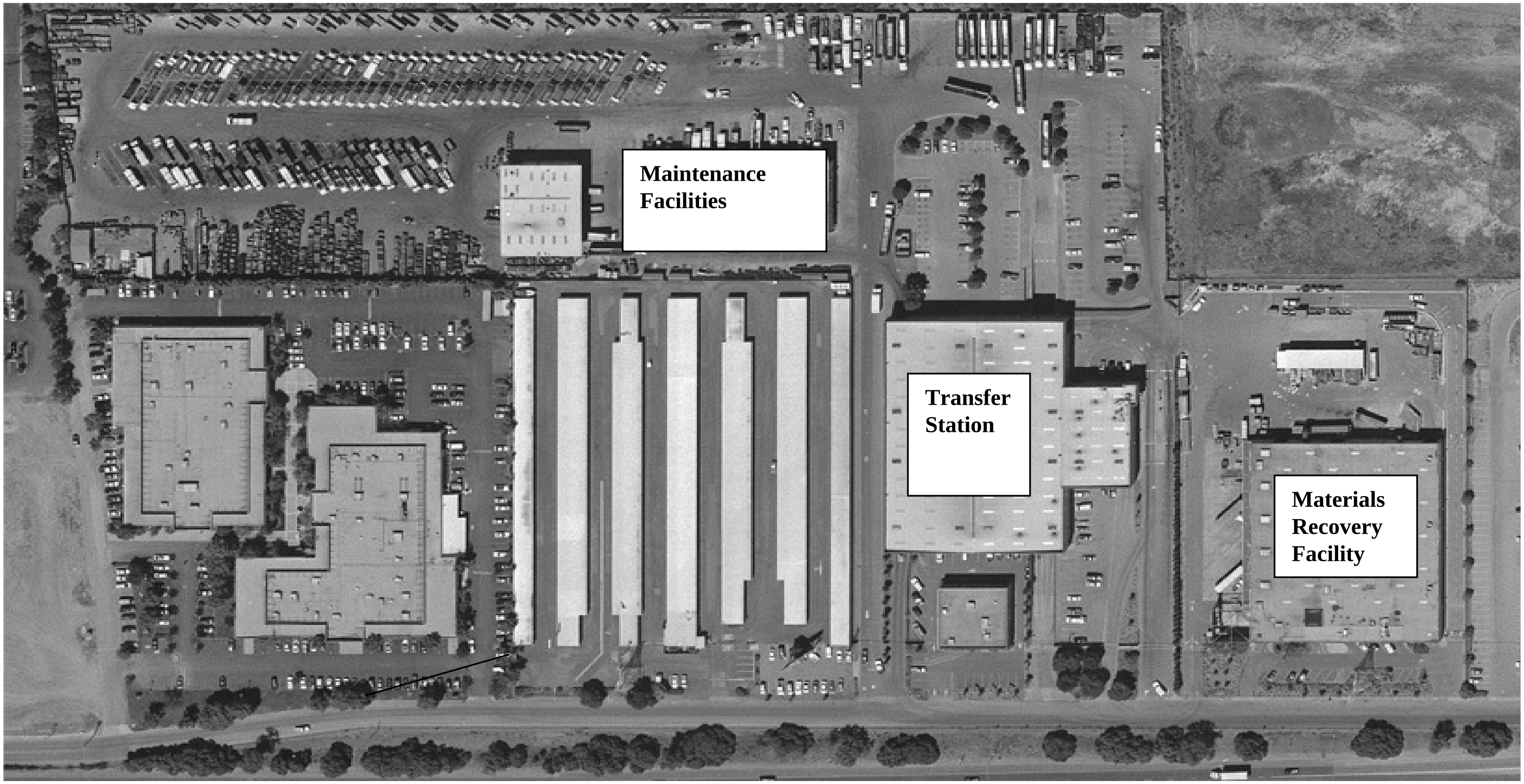
**Attachment 1 – Background**
**Attachment 2 – Evaluation of Options**

*Option A – Public Sale of 100% Fixed Rate Tax Exempt Bonds*
*Option B – Public Sale of 100% Variable Rate Bonds*
*Option C – Public Sale of 70% Fixed Rate/30% Variable Rate Bonds*
*Option D – Member Agency 5-year Bond, Balance Fixed Rate Bonds*
*Option E – Private Placement for 100% of the Project Cost* – No responses were received.
*Option F – Private Placement for Sorting Equipment Only, Balance Public Sale of Fixed Rate Bonds*

**Attachment 3 – Supporting Schedules**

Option A Supporting Schedules
Option B Supporting Schedules
Option C Supporting Schedules
Option D Terms Sheet, Discussion of Issues and Supporting Schedules
Option F Supporting Schedules

**Attachment 4 – Memo Dated March 25, 2009 Discussing Variable Rate Bond Risks**




**SBWMA OWNED SHOREWAY RECYCLING AND DISPOSAL CENTER, 225 AND 333 SHOREWAY ROAD IN SAN CARLOS**

## ATTACHMENT D

# SBWMA MEMBER AGENCY ACTIONS

| Agency | Recommend Selection of Norcal | Bond Financing | San Carlos Agreement | % * |
|---|---|---|---|---|
| Redwood City | Approved 7-0 (9/8/08) | Approved 7-0 (9/8/08) | Approved 7-0 (9/8/08) | 21.1 |
| San Mateo | Approved 5-0 (10/6/08) | Approved 5-0 (10/6/08) | Approved 5-0 (11/17/08) | 22.7 |
| Foster City | Approved 5-0 (10/6/08) | Approved 3-2 (10/6/08) | Failed 2-3 (10/6/08) | 7.1 |
| Menlo Park | Approved 4-1 (10/7/08) | Approved 5-0** (2/24/09) Plan Of Finance Consideration July 14th | Approved 5-0 (2/24/09) | 9.4 |
| San Carlos | Approved 3-1 (10/13/08) | Approved 3-1 (10/13/08) | Approved 5-0 (10/13/08) | 7.7 |
| East Palo Alto | Approved 3-1-1 (11/18/08) | Approved 4-1 (12/16/08) | Approved 3-1 (1/20/09) | 5.7 |
| Belmont | Approved 4-1 (12/9/08) | Approved 3-2** (3/10/09) Plan Of Finance Consideration June 23rd | Approved 5-0 | 5.4 |
| San Mateo County | Approved 4-0 (3/3/09) | Approved 5-0** (4/28/09) Plan Of Finance Approved 5-0 (6/16/09) | Approved 5-0 | 3.6 |
| Hillsborough | Approved 4-0 (4/13/09) | Approved 5-0** (3/9/09) Plan Of Finance Voted 4-0 (6/8/09)against Plan of Finance Approved by SBWMA Board | TBS | 1.8 |
| West Bay Sanitary District | Approved 5-0 (2/23/09) | June 22 | June 22 | 1.1 |
| Atherton | TBS | Voted No 5-0 (2/18/09) | TBS | 1.4 |
| Burlingame | TBS | Voted No 5-0 (2/17/09) Plan Of Finance/Bond Consideration Approved 4-0 Authorization limit of $56.5 million with City to loan $3 million (6/15/09) | TBS | 13.1 |