



A Public Agency

CONSENT CALENDAR

DRAFT MINUTES

**SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
April 25, 2019– 2:00 p.m.
San Carlos Library Conference Room A/B**

Call To Order: 2:21PM

1. Roll Call

| Agency | Present | Absent | Agency | Present | Absent |
|----------------|---------|--------|----------------------------|---------|--------|
| Atherton | X | | Menlo Park | | X |
| Belmont | X | | Redwood City | X | |
| Burlingame | X | | San Carlos | X | |
| East Palo Alto | | X | San Mateo | X | |
| Foster City | | X | County of San Mateo | | X |
| Hillsborough | X | | West Bay Sanitary District | | X |

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to two minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

None

3. Executive Director's Report

Executive Director La Mariana welcomed everyone to the meeting and made the following announcements:

- The May Agenda is very full, he asked the Board Members to plan for a longer May Board meeting. He asked for a straw poll for an earlier start time or a later end time. The conclusion was to plan for a 4:30 end time.
- The Finance staff has been working diligently on the budget and bonds, as well as the upcoming financial services transition at the end of June. Staff will present to the Member Agency elected bodies between May 6 and May 15 as they make their decisions on the Bond refunding.
- The Public Education team will give a presentation on the FY17/18 school year tours today, and local 6th grader Christine Chang will give a presentation on her metal straws initiative in San Carlos. The RethinkWaste spring summer newsletter will be distributed via the Recology bills this spring. The "Green Zone" which highlights the SBWMA is now on Pen TV, there are 12 episodes planned in the series, the first of which is now airing. Staff is working on a new RethinkWaste website which will significantly upgrade both functionality and aesthetics.

- The Long Range Planning process for 2020-2024 has included 7 input sessions from the Board, TAC, Recology and SBR to identify priorities and the ranking of these priorities for future guidance and decision making.
- Executive Director La Mariana testified on agency-sponsored AB1509 (Mullin) to two committees at the State Assembly. The bill passed both committees, and is now in the Assembly's Appropriations Committee with a decision due by May 17.
- The Fellows have been successful at getting Sports Basement and Ikea to accept used batteries. The Board asked that there be follow up and cross promotion of battery drop off locations to make sure the drop off locations in the stores are visible as well so the public knows where to go at the drop off locations.

4. Approval of Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- Approval of Minutes from the March 28, 2019 Board of Directors Meeting
- Resolution Approving the Cost of Additional Fiber Sort Labor to be Split with SBR for a Period of Three Months (April 1 – June 30, 2019)
- Resolution Approving Calendar Year 2018 Financial Statements

Motion/Second: Aguirre/Hurt

Voice Vote all in favor

| Agency | Yes | No | Abstain | Absent | Agency | Yes | No | Abstain | Absent |
|----------------|-----|----|---------|--------|-------------------------|-----|----|---------|--------|
| Atherton | X | | | | Menlo Park | | | | X |
| Belmont | X | | | | Redwood City | X | | | |
| Burlingame | X | | | | San Carlos | X | | | |
| East Palo Alto | | | | X | San Mateo | X | | | |
| Foster City | | | | X | County of San Mateo | | | | X |
| Hillsborough | X | | | | West Bay Sanitary Dist. | | | | X |

5. Administration and Finance

- Presentation by Kevin Civalo, Bond Counsel on Board Federal Securities Disclosure Law Training

Staff Mangini introduced Kevin Civalo who is serving as Bond counsel for the Bond Refunding transaction.

Kevin Civalo discussed the Federal Securities Disclosure Law with respect to the Bond refunding. He noted that all material information must be disclosed to the investment community, and that he is working with staff on those disclosures. He then noted what Board Members need to be thinking about with respect to approving the Bond: 1) Make sure Senior staff is involved in the preparation of the document. 2) Board Members should familiarize themselves with the draft of the document. 3) Ensure that any items of financial concern are disclosed satisfactorily. He noted that he was just working on the documents to disclose the 2016 fire, but otherwise there were no items on concern.

- Resolution Recommending Member Agencies Approve the Issuance of up to \$64 million of Solid Waste Enterprise Bonds

Staff Mangini introduced the item, he noted that the Member Agencies TAC Members have received Model Staff reports on this issue, and individual Member Agencies will have this item on their agendas between May 6 and May 15. Once those approvals take place this Board can go forward and approve the issuance of the Bonds.

The Board discussed that 8 of the 12 Member Agencies (2/3) must approve to move forward.

Member Brownrigg noted that the Finance Committee met and went over the numbers and supports this approach as well.

Motion/Second: Brownrigg/Bonilla

Voice Vote: All in Favor

| Agency | Yes | No | Abstain | Absent | Agency | Yes | No | Abstain | Absent |
|----------------|-----|----|---------|--------|-------------------------|-----|----|---------|--------|
| Atherton | X | | | | Menlo Park | | | | X |
| Belmont | X | | | | Redwood City | X | | | |
| Burlingame | X | | | | San Carlos | X | | | |
| East Palo Alto | | | | X | San Mateo | X | | | |
| Foster City | | | | X | County of San Mateo | | | | X |
| Hillsborough | X | | | | West Bay Sanitary Dist. | | | | X |

C. Resolution approving a contract with The Grant Farm for Grant Solicitation Services for Capital Intensive Diversion Infrastructure projects for a not-to-exceed amount of \$65,000

Staff Gans gave an overview of the staff report and explained the two scopes of work that the Grant Farm would perform.

The Board discussed if acquiring grant funding and bond funding would be concerning to a public entity acquiring money to keep it. Staff Mangini noted that he would research it with the Finance Advisors.

The Board discussed the timeline of the grants. Staff noted that the CAEATFA Grant application would happen immediately for sales tax exemption status on the Organics-to-Energy pilot equipment, and the CalRecycle grants are tied to the state's budget cycle, but hopefully those would be available in June. Staff Gans noted that he's not been through the application process before to know how long the award process takes, but he would provide updates to the Board about what was available that he thought the SBWMA should apply for.

Member Brownrigg asked about a cost-benefit scale and payment schedule to the Grant Farm. Staff Gans noted that in this case the Grant Farm's proposed \$50,000 fee is on a time and materials basis to develop the prospectus to get ready to apply for the grants, and once the package is put together payment would be a success fee-based approach.

Executive Director La Mariana added that staff would still seek out local grant opportunities as well, through the County and Peninsula Clean Energy etc.

Motion/Second: Aguirre/Widmer

Voice Vote: All in favor

| Agency | Yes | No | Abstain | Absent | Agency | Yes | No | Abstain | Absent |
|----------------|-----|----|---------|--------|---------------------|-----|----|---------|--------|
| Atherton | X | | | | Menlo Park | | | | X |
| Belmont | X | | | | Redwood City | X | | | |
| Burlingame | X | | | | San Carlos | X | | | |
| East Palo Alto | | | | X | San Mateo | X | | | |
| Foster City | | | | X | County of San Mateo | | | | X |

| | | | | | | | | | |
|--------------|---|--|--|--|-------------------------|--|--|--|---|
| Hillsborough | X | | | | West Bay Sanitary Dist. | | | | X |
|--------------|---|--|--|--|-------------------------|--|--|--|---|

6. Collection and Recycling Program Support and Compliance

A. Resolution Approving the Proposed Amendment One Modifications to the Model Recology Amended and Restated Franchise Agreement

Chair Benton noted that there was discussion at the Executive Committee level about having this be a discussion item only because it is a big decision but left it as an action item to leave flexibility either way.

Executive Director La Mariana gave background and an overview of the 2 topics that are being considered as part of Amendment One. 1) expanding the capacity of the popular Bulky Item Collection (BIC) and Abandoned Waste collection program expansion and 2) adding Storm Water anti-litter measures to the Franchise Agreements.

Mike Kelly, General Manager of Recology added that it was a collaborative effort and what the Board has before them are, what we believe, the best options to meet the community's needs moving forward. He noted that the costs will depend on the specific program options the SBWMA decides on, but the options were developed based on the problems Recology is currently experiencing.

Member Widmer commented that there were primarily 2 jurisdictions using the program based on a previous report, but the recommendation in the staff report is to split the \$630,000 cost of an additional Bulky Item route amongst all the agencies. He wanted to see the costs allocated based on usage and thought that was the direction staff was headed in, so he was surprised to see the recommendation not based on usage. Consultant Rob Hilton (HF&H Consultants) explained that throughout the discussions they heard the concern that the allocations may not track with the usage appropriately, so they took the sum of the BIC and abandoned waste collections in each community and compared them to percentage of the single family residence accounts in the service area and they tracked incredibly closely. The reason they proposed to leave the allocation as it is currently is that there is some concern that year over year there could be volatility in these programs that could lead to some rate volatility, and so allocating by accounts was closer to long term usage and gave more stability. Member Widmer disagreed and thought the BIC usage in Atherton was practically nothing.

Member Rak asked if the list of options was in priority order or just a list. Rob Hilton noted that the 7 items in the staff report are all included in the proposed Amendment One, and he gave a description of each of the 7 options.

The Board discussed the voucher pilot program. Member Rak asked for clarification if the cost proposal in the staff report was for the pilot program or the overall cost. Rob Hilton answered that the annual cost of running the voucher program is about \$230,000 per year, the other costs in the staff report are fixed startup costs. So, the voucher program costs a little less than half the cost of adding a new route. However, the pilot costs were based on assumptions, and once the pilot program rolls out more true costs will be revealed, and if it is successful the Member Agencies may want to leverage this program more which could change the costs depending on how it is implemented at full roll out. Member Hurt asked what costs would be lost if the pilot doesn't move into a full program. Executive Director La Mariana noted that the pilot cost of \$125,000 is a one-time sunk cost to invest in the software and licensing fees. The variable costs would be reevaluated after the pilot program, and how to allocate costs of the voucher program would also be evaluated.

The Board discussed overages, Member Brownrigg asked if a customer would be charged if their lid didn't close completely so there would be no option to put tall items into the cart. Executive Director La Mariana answered yes, and the City of San Mateo is already doing this, and their litter has gone down substantially, which is why

staff felt comfortable with the recommendation. Member Widmer thought it would cause a lot of problems with the residents. Executive Director La Mariana noted that what is driving this change is the storm water regulations that each of the Member Agencies is responsible for complying with. Member Widmer asked if it was optional by Agency. Rob Hilton said that ultimately each Member Agency holds their own Franchise Agreement, so even though it would be difficult for Recology it would be possible for one Member Agency to opt out, but there needs to be some definition of what an overage is. Member Brownrigg clarified that the overage would be charged directly to the customer not the City as an allocation but, noted that as an elected official he would need to somehow let his residents know of this change, because this is a difference.

The Board then discussed what the current billings on overages are. Mike Kelly noted that Recology currently collects most overly filled carts and bins, they only charge an overage charge if it's really over full which is why the definition on the agreement is important. But it also means there is no data on how many actual over full containers there are because they are being collected without being charged.

Afshin Oskoui, Belmont Public Works Director, TAC Chair and Vice Chair of the Regional Storm Water Committee added that these proposed changes in the Franchise Agreement are being driven by the Municipal Regional Permit that most of the Agencies in the SBWMA are responsible for. He noted that the Regional Storm Water Committee is in negotiations now for the next permit cycle to be issued in 2020 and every city has a goal of 100% litter control of litter reduction at the source by 2022, and that currently it's about 70%. It is part of this conversation because trash is the source of litter. Currently the committee thinks the Cities in the SBWMA are not doing enough, but there are options of how each Member Agency reaches their 100%.

Member Widmer reiterated that if they wanted to opt out of the overage requirement they could, and he wondered if a trash capture device would meet the permit requirements.

Tammy Del Bene of Recology clarified that Recology can charge an overage fee, but they are not a policing and enforcement agency so if a Member Agency wanted to charge a fine for overages that would be through the individual city's enforcement. She also noted that residents and commercial customers will be shocked if the Franchise Agreement Language is changed to not allow any overages and there needs to be an aggressive public education campaign about that change.

Rob Hilton summarized that approval of the resolution would provide a model amendment to the Member Agencies which provides for the 7 changes to the Franchise Agreements in the staff report and provides a method for which they would be allocated, and costs would increase over time. Recology would like some uniformity, but there may be room to talk to them about items on the litter side.

Chair Benton commented that he didn't think the Board was ready to send this out to the Member Agencies without risk of loss of uniformity for Recology.

Member Rak suggested looking at the BIC and abandoned waste items separately from the storm water items and have two amendments.

Member Rak made a motion to move this item to the June meeting for action, after further discussion on overages and storm water.

Member Hurt seconded the motion

Voice Vote: All in favor

- B. Resolution Approving the Engagement of HFH Consultants to Provide SB 1383 Planning Support in the Form of: 1. Assess Baseline Conditions 2. Evaluate Potential Solutions and 3. Develop and Present A SB 1383 Action Plan

Executive Director La Mariana gave a background and overview of staff report. He noted that SB1383 is a landmark law that will have many implications for the SBWMA, and because of that staff is requesting approval of a contract with HF&H to provide some financial scoping for what SB1383 will mean for the SBWMA.

Motion/Second: Brownrigg/Bonilla

Voice Vote: All in favor

Member Widmer had to leave and there was no longer a quorum, so the meeting was adjourned before item 8.

7. Shoreway Operations and Contract Management

No Items

8. Public Education and Outreach

- A. Review of SBWMA 2018 Annual Report
- B. Environmental Educational Tours Program Update for the 17/18 School Year
- C. Presentation by 6th Grader Christine Chang on her Metal Straws initiative in San Carlos

9. Informational Items Only (no action required)

- A. Legislative Session Update
- B. Check Register Detail for March 2019
- C. 2019 Finance and Rate Setting Calendar
- D. Potential Future Board Agenda Items

10. Board Member Comments

11. Adjourn 4:02PM

STAFF REPORT

To: SBWMA Board Members
From: Jean Savaree, Legal Counsel
Date: May 23, 2019 Board of Directors Meeting
Subject: Resolution Approving First Addendum to the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-29, attached hereto, which authorizes the Board President and Executive Director to execute the attached First Addendum to the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center.

Background and Explanation

For the last several months, staff has worked with Anaergia Technologies (“Anergia”) and Recology to initiate SBWMA’s Organics-to-Energy pilot project. The initial steps of that project are to move an existing Organics Extrusion Press (“OREX”) from Recology’s San Francisco Transfer Station to Shoreway, and to purchase and install an Organics Polishing System (“OPS”) through Recology’s existing grant from the California Department of Resources Recycling and Recovery (“CalRecycle”). In November 2018, the Board approved the Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center, which calls for Anaergia Technologies, LLC, to perform the OREX and OPS installations. That Agreement was amended in February 2019 to correct an administrative error.

Recology must continue to own both the OREX and OPS for at least five years under the terms of the grant through which the items were purchased. However, because the equipment will now be located at Shoreway and operated by SBWMA, Recology requested that its OREX purchase contract with Anaergia be terminated and that the terms of the OPS purchase be governed by Anergia’s contract with SBWMA. Anaergia agreed to terminate its contract with Recology but requested that some of the terms of that contract be carried over to the Anaergia-SBWMA contract.

Staff worked with Anaergia to draft the attached proposed Addendum to the Amended Agreement. The Addendum addresses items not addressed in the Agreement, such as maintenance of the equipment, warranty information, and protection of Anaergia’s intellectual property. Staff believes that the proposed Addendum is consistent with and more explicitly defines the understanding of the parties’ respective obligations under the Agreement.

Fiscal Impact

There will be no immediate fiscal impact resulting from the execution of the Addendum. However, the Addendum contains a maintenance fee schedule, which will govern the costs associated with maintaining and repairing the

OREX and OPS. Routine repairs and maintenance work will be authorized by the Executive Director according to this fee schedule, unless the cost of any maintenance work exceeds the Executive Director's procurement authority, in which case the Board will review and decide whether to authorize the work.

Attachments:

Resolution 2019-29

Attachment A – Proposed Addendum

Attachment B– [Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center \(for reference\)](#) Available online only at www.rethinkwaste.org



RESOLUTION NO. 2019-29

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

WHEREAS, on February 11, 2019, the South Bayside Waste Management Authority (“SBWMA”) entered into that agreement known as the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center (“Agreement”) with Anaergia Technologies, LLC (“Anaergia”); and

WHEREAS, the Agreement contemplates that Anaergia will install at the Shoreway Transfer Station an Organics Extrusion Press (“OREX”) and Organics Polishing System (“OPS”) purchased with grant funds awarded to Recology, Inc. (“Recology”); and

WHEREAS, as a term of the agreement to have the OREX and OPS installed at the Shoreway Transfer Station for use by SBWMA, Recology terminated its agreement with Anaergia which governed the terms of the OREX purchase; and

WHEREAS, Anaergia requested that SBWMA execute an addendum to the Agreement to incorporate certain terms originally contained in the OREX purchase agreement between Anaergia and Recology; and

WHEREAS, SBWMA staff worked with Anaergia to draft the attached Addendum.

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby Authorizes the Board President and Executive Director to execute the attached Addendum to the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 23th day of May, 2019, by the following vote:

| Agency | Yes | No | Abstain | Absent | Agency | Yes | No | Abstain | Absent |
|----------------|-----|----|---------|--------|------------------------|-----|----|---------|--------|
| Atherton | | | | | Menlo Park | | | | |
| Belmont | | | | | Redwood City | | | | |
| Burlingame | | | | | San Carlos | | | | |
| East Palo Alto | | | | | San Mateo | | | | |
| Foster City | | | | | County of San Mateo | | | | |
| Hillsborough | | | | | West Bay Sanitary Dist | | | | |

I HEREBY CERTIFY that the foregoing Resolution No. 2019-29 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on May 23, 2019.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Clerk of the Board

FIRST ADDENDUM TO AMENDED PUBLIC PROJECT AGREEMENT
FOR
ORGANICS EXTRUSION RECOVERY SYSTEM PURCHASE AND INSTALLATION AT
SHOREWAY ENVIRONMENTAL CENTER

This First Addendum (“Addendum”) to the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center, as amended on February 11, 2019 (the “Agreement”), is made and entered into as of the ____ day of May, 2019, by and between the South Bayside Waste Management Authority (“SBWMA”), dba Rethink Waste hereinafter called “AUTHORITY” and Anaergia Technologies, LLC, hereinafter called “CONTRACTOR”. AUTHORITY and CONTRACTOR are collectively referred to as “the parties.”

RECITALS

This Addendum is entered into with reference to the Recitals in the Agreement and the following facts and circumstances. All terms used herein shall have the same meaning as given to them in the Agreement unless otherwise defined.

- A. Subsequent to the execution of the Agreement, the CalRecycle Grant was amended to extend the deadline for reimbursement requests from March 31, 2019 to May 3, 2019 (“Funding Deadline”). The parties have worked with Recology to achieve the goals of the Agreement, and specifically the relocation of the Organics Extrusion Press (“OREX”) from the San Francisco Transfer Station and the purchase and installation of the Dynamic Cyclone and Hydrocyclone equipment (collectively “OPS”) at AUTHORITY’s Shoreway Transfer Station.
- B. As stated in the Agreement, the parties and Recology were not authorized to perform any of the work contemplated under the Agreement unless and until CalRecycle and Recology executed an amendment to the CalRecycle Grant agreement, which funded a portion of the OREX purchase and had a remaining balance of \$1.2 million in funding available for reimbursement of the OPS purchase.
- C. To satisfy the terms of the CalRecycle Grant Agreement, Recology must own the OREX and OPS for a period of five (5) years after the funding deadline (“Grant Term”). Pursuant to a separate agreement dated March 28, 2019, Recology and the AUTHORITY have contracted for the AUTHORITY’s ability to use and operate the OREX and OPS during the Grant term (the “Recology-SBWMA Agreement”) and to transfer ownership of the OREX and OPS to AUTHORITY after the expiration of the Grant Term. Pursuant to the Recology-SBWMA Agreement, the AUTHORITY agrees, as to the Equipment, to assume any and all obligations of Recology and Recology East Bay Organics vis a vis Anaergia Services, LLC to the extent relating to or arising under the Equipment Sales and License Agreement dated November 10, 2014 (the “OREX Purchase Agreement”). In addition, by Addendum 1 to the Recology-SBWMA Agreement, the AUTHORITY has agreed to assume responsibility for insuring the OREX and the OPS as of the commencement of de-installation of the former and the purchase of the latter.
- D. Recology elected to terminate, rather than assign to AUTHORITY, its obligations and rights under the existing OREX purchase agreement between it and CONTRACTOR,

and not take on new obligations or rights with respect to the OPS purchase. As such, AUTHORITY agrees, through this First Addendum, to take on those obligations and rights as stated in the Terms, below.

Based upon these Recitals, the CONTRACTOR and AUTHORITY agree that the Agreement is hereby supplemented by this Addendum, upon the terms and conditions as hereinafter set forth.

TERMS

1. Definitions

“Delivery Date” means the date upon which Contractor delivers the Equipment to the Site, exclusive of any installation as otherwise provided under the Agreement.

“Equipment” means the OREX and all upgrades, enhancements, and replacements thereof made available to AUTHORITY, including the OPS.

“Governmental Approvals” means any authorization, consent, approval, license, lease, ruling, permit, tariff, rate, certification, exemption, filing or registration by or with any governmental entity.

“Grant Agreement” means the Grant Agreement between the California Environmental Protection Agency, Department of Resources Recycling and Recovery (CalRecycle) and Recology East Bay, as it may be amended.

“Intellectual Property Rights” means any rights in or to any US, Canadian or foreign patent, patent application, utility model, inventor’s certificate, copyright, moral right, trademark, trade name, Internet domain name, service mark, trade secret, know-how, confidential information, mask work, or integrated circuit topography, industrial design or other intellectual property rights of any kind, whether registered or unregistered.

“Mechanical Warranty” shall have the meaning assigned to it in Schedule A attached to this Agreement, as applicable to the Equipment.

“OREX” means an Organics Extrusion Press, model OREX 500, and related equipment and accessories.

“OPS” means an Organics Polishing System.

“Permits” means any valid waiver, exemption, variance, franchise, permit, authorization, license or similar order of or from any national, federal, state, county, municipal, regional, environmental or other governmental body, instrumentality, agency, authority, court or other body having jurisdiction over the matter in question.

“Restricted Party” shall have the meaning assigned to it in Section 2.

“Site” means the Shoreway Transfer Station owned by AUTHORITY and located at 333 Shoreway Road, San Carlos, California.

“**Warranty Period**” shall have the meaning assigned to it in Schedule A attached to this Agreement, as applicable to the Equipment.

2. Assumption of Obligations. AUTHORITY hereby agrees to assume the obligations as described and set forth herein.

2.1 Restricted Assignment, Lease, Transfer or Sale of AUTHORITY. The Equipment may not be assigned, sold, transferred or leased to a Restricted Party. A “**Restricted Party**” is an entity that competes directly with CONTRACTOR (“competes directly with CONTRACTOR” shall be defined as manufacturing and selling to third parties equipment similar to that manufactured and/or sold by CONTRACTOR under this Agreement and/or digesters).

3. Intellectual Property

3.0 Ownership of Intellectual Property. AUTHORITY acknowledges that all Intellectual Property rights relating to the Equipment are and shall remain the sole and exclusive property of CONTRACTOR and/or its Affiliates.

3.1 Intellectual Property Integrity. AUTHORITY shall not, and shall not permit its employees, subcontractors, facility operators, site owners, representatives, agents or any other person to: (a) reproduce, distribute, or transmit the Equipment software or other Intellectual Property rights relating to the Equipment, except that AUTHORITY shall be permitted to use or operate such software and Intellectual Property rights relating to the operation and use of the Equipment; (b) reverse engineer or decompile the software or other intellectual property for any purpose; or (c) manufacture or enable the manufacture of the Equipment or products derived therefrom, without the prior express written consent of CONTRACTOR.

3.2 Expiration of Life of Equipment. Upon the expiration of the useful life of the Equipment (as measured by the Equipment failing to operate despite repairs and maintenance or AUTHORITY’s sole discretion and election to permanently cease using the Equipment), at CONTRACTOR’s option to take the Equipment back into CONTRACTOR’s possession and upon CONTRACTOR’s payment to AUTHORITY of scrap value of the Equipment, AUTHORITY shall make available the Equipment to CONTRACTOR at Site. CONTRACTOR will arrange for pickup of Equipment within thirty (30) days.

3.3 License. CONTRACTOR hereby grants AUTHORITY a non-exclusive, royalty-free, and perpetual right and license (or sublicense, as the case may be) to use and operate the intellectual property provided by CONTRACTOR to AUTHORITY to use the Equipment in a manner consistent with this Agreement.

4. AUTHORITY’s Obligations

4.0 Permitting and Government Authorizations. AUTHORITY shall be responsible, at its own risk and expense, for obtaining any required authorization and all local, state

or federal permits, such as a building permit, air permit, solid waste permit, or any other necessary governmental authorization for the commissioning, testing, operation and maintenance of the Equipment. CONTRACTOR shall cooperate with AUTHORITY as reasonably required, but shall not be liable if any authorization is delayed, denied, revoked, restricted or not renewed.

4.1 Compliance with Laws. AUTHORITY shall comply with all applicable laws, regulations, and other legal requirements regarding the export, import, sale, distribution, marketing, and service of the Equipment and its related technology, including without limitation, tax and foreign exchange legislation or regulations and the obligations under this Article IV.

4.2 Site Preparation. Prior to the delivery of the OREX and/or OPS to the Site, AUTHORITY shall be responsible for preparation of the Site to allow for the proper installation and commissioning of the Equipment in accordance with CONTRACTOR's installation Specifications. AUTHORITY shall provide CONTRACTOR access to the Site as may be required by CONTRACTOR to carry out its obligations hereunder. AUTHORITY shall pay for all costs associated with providing a suitable location and conditions for installation and necessary power required for installing, commissioning and accepting the Equipment.

4.3 Site Visits. AUTHORITY shall permit CONTRACTOR to perform Site visits for informational/marketing purposes that are non-competitive in nature with the business of AUTHORITY, which visits shall be scheduled at reasonably convenient times during normal business hours and in a manner that will least interfere with AUTHORITY's business operations. All visitors would be required to sign a non-disclosure agreement reasonably acceptable to AUTHORITY and comply with all of AUTHORITY's rules (including, without limitation, safety rules), and CONTRACTOR will be responsible for, and will indemnify AUTHORITY from, any claims arising from the presence of such visitors at AUTHORITY's facilities. CONTRACTOR shall be required to provide AUTHORITY with a certificate of insurance demonstrating appropriate levels of insurance coverage and provide an additional insured endorsement to AUTHORITY.

5. Maintenance Services. AUTHORITY shall be responsible for the Maintenance Services (as defined below), which includes the purchase and storage of spare components and parts from CONTRACTOR from time to time at then-prevailing prices for such spares, at no cost or expense of CONTRACTOR. Maintenance Services include: (a) preventive maintenance based upon the specific needs of the Equipment; (b) remedial maintenance; and (c) services to maintain the Equipment in good working condition and operating in accordance with specifications (the "**Maintenance Services**"); *provided, however*, that CONTRACTOR is responsible for the following at no cost to AUTHORITY during the applicable Warranty Period only: (i) providing all bug fixes, software patches and basic software upgrades for all Software or firmware components of the Equipment, and (ii) any repairs and/or maintenance of the Equipment and use of spare parts or components during the applicable Warranty Period and falling under the Mechanical Warranty terms. After the applicable Warranty Period, CONTRACTOR agrees to provide the foregoing for sale to AUTHORITY on terms (including pricing) listed in Schedule B, attached hereto.

6. Terms And Method Of Payment for Maintenance Services and other Equipment

6.0 Payment Terms. The payment terms and schedule for the installation of the OREX and OPS is as stated in the Section 3 of the Agreement. Should additional payment come due for Maintenance Services and other Equipment, the following terms in this Section 6 shall apply. Amounts due CONTRACTOR are to be paid by AUTHORITY and received by CONTRACTOR within thirty (30) days of AUTHORITY's receipt of CONTRACTOR's invoices, without any right of offset.

6.1 Additional Orders. In the event that additional Equipment is ordered, the payment for additional Equipment components or parts may be separately invoiced by CONTRACTOR as each separate component or part is delivered to AUTHORITY and AUTHORITY shall pay each of CONTRACTOR's invoices within thirty (30) days of such delivery and the terms and conditions of this Agreement shall apply to such Equipment component or part purchases.

6.2 Late Payments. In the event that any payment due from AUTHORITY is not paid when due, AUTHORITY shall pay CONTRACTOR interest on such overdue payment during a period commencing on such due date until the date that such overdue payment received by CONTRACTOR; such annual interest rate shall be 6.25%. AUTHORITY's full payment(s) to CONTRACTOR pursuant to this Section 6.2, together with any owed interest and all reasonable costs of collection, shall constitute a waiver or release of any other remedies of CONTRACTOR, whether under this Agreement or at law or in equity.

6.3 Nonpayment. In the event of nonpayment by AUTHORITY, the cost incurred by CONTRACTOR in collecting the indebtedness, including attorneys' fees and expenses, with interest at the maximum rate allowed by law from date of expenditure, shall be added to the principal amount of the indebtedness owed to CONTRACTOR.

7. Title And Delivery

7.0 Delivery. The Delivery Date is dependent on: (a) prompt delivery by AUTHORITY of information required for CONTRACTOR to proceed with delivery; and (b) AUTHORITY's compliance with payment and other terms of AUTHORITY's performance obligations. Except as set forth in this Agreement, CONTRACTOR accepts no responsibility for the loss or damages resulting from the delay in delivery of Equipment and services.

7.1 Title and Risk of Loss. AUTHORITY bears risk of loss or damage to the OPS commencing as of the date it is installed at Site, including any loss of rights of AUTHORITY in respect of the Equipment. Title to the Equipment shall pass to AUTHORITY as provided by the Grant Agreement and the Recology-SBWMA Agreement. Risk of loss associated with work related to the OREX relocation is as it is contemplated in the Agreement.

7.2 Storage of Equipment. If the Equipment cannot be delivered to the Site upon the anticipated Delivery Date due to any act(s) or omission(s) attributable to AUTHORITY, at

AUTHORITY's request and upon receipt of payment required in Section 6 and at AUTHORITY's cost of such storage costs and fees, CONTRACTOR shall store the Equipment. If Equipment must be placed in storage outside of CONTRACTOR's manufacturing facility, the following conditions shall apply: (a) risk of loss or damage shall pass onto AUTHORITY; (b) any amounts otherwise payable to CONTRACTOR upon Delivery shall be payable upon presentation of CONTRACTOR's invoices; (c) all expenses incurred by CONTRACTOR, such as for preparation for and placement into storage, handling, inspection, preservation, insurance, removal charges and any taxes shall be payable by AUTHORITY within thirty (30) days' of AUTHORITY's receipt of CONTRACTOR's invoices, and (d) when conditions permit and upon payment of all amounts therein due to CONTRACTOR, CONTRACTOR shall resume Delivery of the Equipment to the Site.

8. Limited Warranty. Warranty terms, including those related to the Mechanical Warranty, shall be as set forth in the attached Schedule A. For the avoidance of doubt, the parties hereto acknowledge and agree the Warranty Period applicable to the OREX under the OREX Purchase Agreement has expired, and the OREX is being tendered to the AUTHORITY in "as-is" condition as provided under the Recology-SBWMA Agreement, subject to separate terms for acceptance testing as agreed by the parties hereto under the Agreement. The existence and duration of any Warranty Period pertaining to the OREX shall be upon terms mutually agreed by the parties hereto.

9. Limitation of Liability. WITHOUT LIMITING CONTRACTOR'S INDEMNITY OBLIGATIONS CONTAINED IN THE AGREEMENT, CONTRACTOR'S LIABILITY RELATED TO THE OPERATION AND PERFORMANCE OF THE EQUIPMENT SHALL BE LIMITED TO REPAIRING OR REPLACING THE EQUIPMENT FOUND TO BE DEFECTIVE, OR AT CONTRACTOR'S OPTION, TO REFUND THE FULL PURCHASE PRICE OF SUCH GOODS. AT CONTRACTOR'S REQUEST, AUTHORITY WILL PERMIT CONTRACTOR OR ITS DESIGNEE TO INSPECT ANY ALLEGEDLY DEFECTIVE GOODS INCLUDING SHIPMENT OF SUCH ALLEGEDLY DEFECTIVE GOODS TO THE LOCATION SPECIFIED BY CONTRACTOR AT CONTRACTOR'S COST.

If CONTRACTOR furnishes AUTHORITY with advice or assistance concerning the Equipment, systems or work, which is not specifically required by this Agreement, the furnishing of such advice or assistance will not subject CONTRACTOR to any liability, whether in contract, indemnity, warranty, tort (including negligence), strict liability or otherwise.

10. Trade Compliance

(a) Export Control Regulations. The Equipment and related technology may to some extent be subject to export and re-export restrictions under U.S. and other countries' export control regulations, including without limitation the U.S. Export Administration Regulations, regulations of the U.S. Office of Foreign Asset Control and comparable laws and regulations of other countries, which may require U.S. or other Government Approval for any re-export or retransfer ("**Export Control Regulations**"). Each party warrants that it (i) will adhere to and comply with all applicable Export Control Regulations; and (ii) will

not, directly or indirectly through a third party, ship the Equipment and/or materials to Cuba, Iran, North Korea, Syria, Sudan or any other country subject to trade embargoes in violation of Export Control Laws. AUTHORITY represents that neither AUTHORITY nor any of its principals, officers, or directors, or any person or entity known to AUTHORITY to be directly involved in this transaction as freight forwarder, customer, end-user, consultant, agent or otherwise is designated on any of the U.S. government restricted parties lists, including without limitation the U.S. Commerce Department Bureau of Industry and Security Denied Persons List, Entity List or Unverified List, the U.S. Treasury Department Office of Foreign Asset Controls Specially Designated National and Blocked Persons List or the U.S. State Department Directorate of Defense Trade Controls Debarred Parties List or restricted parties lists of any country having jurisdiction over AUTHORITY or the transaction involving the goods that are the subject of this document or related technology.

(b) Anticorruption and Anti-bribery. In relation to any transaction involving the goods that are the subject of this document or related technology, AUTHORITY shall not seek to obtain or retain business or gain any other advantage by making or offering to make any payment of money or by providing or offering to provide anything of value, directly or indirectly, to: (i) any government official; or (ii) any non-governmental person, in either case with the intent that such official or person will perform their responsibilities improperly. AUTHORITY warrants that it will comply with the anticorruption laws and anti-bribery laws of any country having jurisdiction over AUTHORITY or the transaction involving the goods that are the subject of this document or related technology, and will in all cases comply with the U.S. Foreign Corrupt Practices and Bribery Act.

(c) Noncompliance. In the event that CONTRACTOR reasonably believes that any provision of this Section has or may have been breached, AUTHORITY shall cooperate fully with CONTRACTOR's investigation to clear the matter upon CONTRACTOR's providing an explanation with respect to CONTRACTOR's belief that a provision of this Section may have been breached and CONTRACTOR shall not be obligated to sell or provide goods or technology or take any other act in furtherance of any transaction or agreement while such investigation is pending and such suspension or forbearance by CONTRACTOR shall not constitute breach of any obligation in respect of the transaction to which this document applies or otherwise.

11. Survival. The obligations imposed on AUTHORITY by Section 3 and Section 9 shall survive cancellation or termination of the Agreement and/or this First Addendum.

12. Validity. The invalidity in whole or in part of any provision of this First Addendum shall not void or affect the validity of any other provision of this Addendum or the Agreement.

13. Responsibility for Insurance; Taxes. AUTHORITY confirms, in accordance with Addendum 1 to the Recology-SBWMA Agreement, its responsibility for: (i) insuring the Equipment and risk of loss thereto, and (ii) any taxes imposed with respect to the Equipment. This section shall not limit CONTRACTOR's insurance obligation under the Agreement.

14. Entire Agreement. This First Addendum, including Schedule A, are added as an addendum to the Agreement. All provisions of the Agreement remain unamended in full force and effect. The Agreement, including this First Addendum, comprise the entire agreement of the parties related to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this First Addendum to be executed on the date first above written by their respective officers duly authorized in that behalf.

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Dated: _____

SBWMA Board President

ATTEST:

Dated: _____

Joe LaMariana, SBWMA Executive Director

APPROVED AS TO FORM

Dated: _____

Jean Savaree, SBWMA Legal Counsel

CONTRACTOR

Dated: _____

Yaniv Scherson
Managing Director
Anaergia Technologies, LLC

SCHEDULE A
MECHANICAL WARRANTY

1. **Scope of Warranty.** All Equipment are subject to the following limited warranty: CONTRACTOR warrants for a period of twelve (12) months from its original installation and applicable acceptance ("**Warranty Period**") that the Equipment will operate according to the Specifications and will be free from defects in material and workmanship (the "**Mechanical Warranty**"). If any Equipment and/or Parts fail to comply with the foregoing Mechanical Warranty, CONTRACTOR shall repair or replace such Equipment and/or Part, free of charge to the AUTHORITY, where examination shows that the Equipment and/or Part, as applicable, has failed under normal use and service operation by the AUTHORITY within the applicable Warranty Period due to defects in materials and/or workmanship. Materials and components that are specified to be "wear parts" are not covered as part of the Mechanical Warranty. CONTRACTOR shall provide AUTHORITY with a list of recommended spare parts and consumables for the applicable Warranty Period. In the event that AUTHORITY purchases such parts and such parts fail during the applicable Warranty Period, CONTRACTOR shall reimburse AUTHORITY the full cost of such parts/consumables.

CONTRACTOR shall have no obligation to correct, repair or replace Equipment or related equipment to the extent that a defect or non-conformance of the Equipment is the result of improper installation or damage resulting from AUTHORITY's failure to comply with CONTRACTOR's specifications, instructions and documentation regarding installation, operation and maintenance of the Equipment. During the installation process and to the extent that CONTRACTOR is present during such installation, CONTRACTOR shall immediately advise AUTHORITY of any such improper installation and advise AUTHORITY how to rectify any such problem.

All other warranties of CONTRACTOR or anyone purporting to represent CONTRACTOR may have given, or which may be provided or implied by law or commercial practice, are **hereby excluded**.

The warranties and remedies set forth herein are further conditioned upon (a) the proper storage, installation, operation and maintenance of the Equipment and conformance with the instruction manuals (including revisions thereto) provided by CONTRACTOR and/or its subcontractors as applicable, and (b) repair pursuant to CONTRACTOR's written instructions or approval. AUTHORITY shall keep proper records of operations and maintenance during the applicable Warranty Period and copies of same shall be submitted to CONTRACTOR upon CONTRACTOR's request. CONTRACTOR does not warrant any equipment or services of others designated by AUTHORITY.

The foregoing Mechanical Warranty shall not apply to any equipment and/or parts that is not manufactured or selected for use by CONTRACTOR. For equipment and/or parts that are not produced by CONTRACTOR, CONTRACTOR's liability shall be limited solely to the permitted assignment of available warranties, as to which (i) CONTRACTOR

shall assign to the extent assignable, any warranties made to CONTRACTOR, and (ii) CONTRACTOR shall have no other liability under warranty, tort or any other legal theory.

The warranties and remedies set forth herein are further conditioned upon (1) the proper storage, installation, operation and maintenance of the Equipment and in conformance with CONTRACTOR's Specifications, and (2) repair or modification pursuant to CONTRACTOR's written instructions or approval. AUTHORITY shall keep proper records of operation and maintenance during the applicable Warranty Period. These records shall be submitted to CONTRACTOR upon CONTRACTOR's written request.

2. AUTHORITY's Claim of Mechanical Warranty. Should the Equipment or related services from CONTRACTOR not meet the Mechanical Warranty during the applicable Warranty Period, AUTHORITY shall promptly notify CONTRACTOR in writing and make the Equipment and relevant related equipment available for access, inspection or correction. CONTRACTOR shall thereupon, at its sole discretion and option, correct any defect by (a) repairing the Equipment; or (b) replacing defective parts that CONTRACTOR deems is defective. In the event that CONTRACTOR is unable to correct the problem and render the Equipment able to meet the Specifications, then AUTHORITY shall be entitled to a full refund of the purchase price applicable to such Equipment and CONTRACTOR shall remove, at CONTRACTOR's cost (including freight), the Equipment from AUTHORITY's premises.

3. Disclaimer of Other Warranties. CONTRACTOR MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, OTHER THAN THOSE MADE IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CONTRACTOR IS NOT LIABLE FOR, NOR DOES IT WARRANT, ANY LEVEL OF ODOR OR NUISANCE DERIVED FROM OPERATING THE EQUIPMENT.

Notwithstanding anything to the contrary which may be contained herein, CONTRACTOR shall have no liability and does not warrant any of the following:

(a) the Equipment, any part thereof or any repaired or replacement parts against normal wear and tear including that due to expected degradation in accordance with CONTRACTOR's specifications, environment or operation, including excessive operation, chemical action, erosion, corrosion or material deposits from fluids or wear of such products or due to operating conditions that the Equipment and/or parts, as applicable, are not designed for;

(b) that the Equipment, or any part thereof or any repaired or replacement parts, against normal wear and tear;

(c) any part that is normally consumed during operation within the applicable Warranty Period;

(d) Failure of the equipment and/or parts, or damages to them, due to AUTHORITY's negligence or willful misconduct, abuse or improper storage, installation, application or maintenance (as specified in any manuals or written instructions provided to AUTHORITY by CONTRACTOR); or

(e) Equipment and/or parts damaged by accident.

CONTRACTOR's disclaimer of warranties as set forth in this Section 3 shall not be diminished or affected by, and no obligation or liability shall arise or grow out of, CONTRACTOR's rendering of technical advice or service in connection with the Equipment.

4. Changes to Equipment. Changes, modifications or alterations to the Equipment (or Equipment components) by AUTHORITY or its vendors, suppliers, employees or agents, without the written approval of CONTRACTOR, shall void all CONTRACTOR's obligations and warranties hereunder and may void third party equipment certifications, including safety and environmental conditions.

SCHEDULE B

FIRST ADDENDUM (“ADDENDUM”) TO AMENDED PUBLIC PROJECT AGREEMENT FOR ORGANICS EXTRUSION RECOVERY SYSTEM PURCHASE AND INSTALLATION AT SHOREWAY ENVIRONMENTAL CENTER BETWEEN ANAERGIA TECHNOLOGIES, LLC AND SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (“SBWMA”) DBA RETHINK WASTE

OREX SPARE PARTS/CONSUMABLES AND MAINTENANCE SERVICES LABOR

The tables below contain the wear parts, critical wear parts, spare parts and critical spare parts for the OREX 500, and labor rates for Maintenance Services as referenced in the Addendum. All pricing in this Schedule B is in US Dollars, before applicable tax, and is subject to annual adjustment (after the execution date of the Addendum) upon 15 days prior notice to SBWMA for increases during the in the Consumer Price Index for All Urban Consumers (CPI-U), San Francisco-Oakland-Hayward, CA, not seasonally adjusted, for all items, published by the United States Department of Labor on its website at <http://www.bls.gov/cpi>.

Table 1: Wear Parts

| Item No. | Description | Gross Price (USD/unit) | Required Quantity | Total Gross Price (USD) | Keep Onsite Spares |
|-----------------|--------------------------------------|-------------------------------|--------------------------|--------------------------------|---------------------------|
| 005000.psm | wear plate, infeed ram, front | \$2,647 | 1 | \$2,647 | |
| 005001.psm | wear plate, infeed ram, bottom | \$6,278 | 1 | \$6,278 | |
| 005002.psm | wear plate, infeed ram, side | \$3,180 | 2 | \$6,361 | |
| 005003-3.psm | wear plate, infeed ram frame, side | \$1,937 | 1 | \$1,937 | |
| 005004.psm | wear plate, infeed ram frame, bottom | \$1,631 | 2 | \$3,263 | |
| 005005.psm | wear plate, infeed ram, top/bottom | \$1,440 | 2 | \$2,879 | |
| 005007.psm | wear plate, infeed ram frame, bottom | \$4,648 | 1 | \$4,648 | |
| 005008.psm | wear plate, infeed ram frame, side | \$1,379 | 1 | \$1,379 | |
| 005009.psm | wear plate, infeed ram frame, side | \$2,837 | 2 | \$5,674 | |
| 005010-2.psm | wear plate, infeed ram frame, side | \$3,200 | 1 | \$3,200 | |
| 005057.par | screen, main ram | \$3,981 | 1 | \$3,981 | ✓ |
| 005058.par | wear plate, main ram, side | \$3,333 | 2 | \$6,666 | ✓ |
| 005059.par | wear plate, main ram, top | \$3,456 | 1 | \$3,456 | ✓ |
| 005061.par | wear plate, main ram, bottom | \$2,049 | 1 | \$2,049 | ✓ |
| 005062.par | wear plate, main ram, bottom | \$2,049 | 1 | \$2,049 | ✓ |
| 005276-1.psm | wear plate, infeed ram, back | \$796 | 2 | \$1,591 | |
| 005366.psm | wear plate, door lifting beam lining | \$1,034 | 4 | \$4,137 | |
| 005367.psm | wear plate, door lifting beam lining | \$1,231 | 2 | \$2,462 | |
| 005494.par | wear plate, main ram, side | \$1,150 | 2 | \$2,301 | ✓ |
| 005495.par | wear plate, main ram, top/bottom | \$979 | 2 | \$1,957 | ✓ |
| 005595.psm | wear plate, infeed ram, side | \$919 | 2 | \$1,839 | |
| 005647.psm | wear plate, infeed ram, top | \$869 | 1 | \$869 | |
| 005648.psm | wear plate, infeed ram, top | \$5,653 | 1 | \$5,653 | |

| | | | | | |
|--------------|---|---------|----|---------|---|
| 005664-3.psm | wear plate, infeed ram frame, side | \$1,937 | 1 | \$1,937 | |
| 005666-1.psm | wear plate, infeed ram frame, side | \$3,200 | 1 | \$3,200 | |
| 005667-3.psm | wear plate, infeed ram frame, side | \$1,937 | 1 | \$1,937 | |
| 005668.psm | wear plate, infeed ram frame, side | \$1,379 | 1 | \$1,379 | |
| 005669-3.psm | wear plate, infeed ram frame, side | \$1,937 | 1 | \$1,937 | |
| 006003.par | wear plate, main ram frame, bottom | \$3,212 | 1 | \$3,212 | |
| 006004.par | screen, main ram frame, bottom | \$4,221 | 1 | \$4,221 | |
| 006005.par | wear plate, main frame, door side | \$1,076 | 1 | \$1,076 | |
| 006006.par | wear plate, main ram frame, side | \$2,932 | 2 | \$5,865 | |
| 006007.par | wear plate, main ram frame, top | \$3,116 | 1 | \$3,116 | |
| 006008.par | wear plate, main ram frame, top | \$3,319 | 1 | \$3,319 | |
| 006009.par | wear plate, main frame, door side | \$2,380 | 1 | \$2,380 | |
| 006010.par | screen, main ram, front | \$4,593 | 1 | \$4,593 | ✓ |
| 006011.par | wear plate, main frame, door side | \$968 | 5 | \$4,842 | |
| 006012.par | wear plate, main frame, door side | \$918 | 1 | \$918 | |
| 006157.par | wear plate, main frame, door side | \$519 | 3 | \$1,557 | |
| 006301.par | wear plate, main ram frame, side | \$1,034 | 1 | \$1,034 | |
| 012484.par | orex, wear plate infeed frame | \$798 | 2 | \$1,596 | |
| 012559.par | orex, wear plate infeed frame | \$745 | 2 | \$1,489 | |
| 012560.par | orex, wear plate infeed frame | \$760 | 2 | \$1,521 | |
| 013259.par | wear plate, main frame, door side | \$507 | 2 | \$1,014 | |
| 005348.psm | lifting beam, top plate | \$412 | 4 | \$1,647 | |
| 005365.psm | wear plate, lifting beam | \$1,859 | 4 | \$7,436 | |
| 005368.psm | wear plate, lifting beam | \$1,173 | 2 | \$2,345 | |
| 014269.asm | OREX 500 MKIII special grease bolt type A | \$137 | 4 | \$549 | |
| 015540.asm | OREX 500 MKIII special grease bolt type C | \$40 | 12 | \$480 | |
| 016085.asm | OREX 500 MK2 door wear plate guiding machined | \$1,115 | 4 | \$4,462 | |
| 016087.asm | OREX 500 MK2 door wear plate side machined | \$1,173 | 2 | \$2,345 | |
| 016089.asm | OREX 500 MK2 door wear plate front large machined | \$6,521 | 1 | \$6,521 | |
| 016091.asm | OREX 500 MK2 door wear plate front small machined | \$3,089 | 1 | \$3,089 | |

Table 2: Critical Spare Parts

| Item No. | Description | Gross Price (USD/unit) | Required Quantity | Total Gross Price (USD) | Keep Onsite Spares |
|----------|---|------------------------|-------------------|-------------------------|--------------------|
| 1 | Set hydraulic power unit – Major Overhaul | \$94,917 | 1 | \$94,917 | |

| Item No. | Description | Gross Price (USD/unit) | Required Quantity | Total Gross Price (USD) | Keep Onsite Spares |
|------------------------------|---|------------------------|-------------------|-------------------------|--------------------|
| 2 | Set manifold press | \$6,564 | 1 | \$6,564 | |
| <i>Hydraulic Spare Parts</i> | | | | | |
| 3 | Ball Valve BVG4-1L G1 | \$46 | 1 | \$46 | |
| 4 | FLT.323 10" FLT Gauge | \$96 | 1 | \$96 | |
| 5 | FLT.323 10" FL Gauge | \$81 | 1 | \$81 | |
| 6 | Breather | \$307 | 2 | \$614 | |
| 7 | Gasket Reservoir Cover | \$436 | 1 | \$436 | |
| 8 | Gasket Mounting Cover | \$395 | 1 | \$395 | |
| 9 | Level/Temperature Display | \$1,543 | 1 | \$1,543 | |
| 10 | EO Non Return Valve | \$324 | 1 | \$324 | |
| 11 | EO Non Return Valve | \$234 | 1 | \$234 | |
| 12 | Coupler | \$99 | 1 | \$99 | |
| 13 | Nipple | \$42 | 1 | \$42 | |
| 14 | Molded Dust Plug | \$10 | 1 | \$10 | |
| 15 | PM-B12-M10 LP Filter Indicator | \$85 | 1 | \$85 | ✓ |
| 16 | TXWL8C-10 LP Filter Element | \$282 | 1 | \$282 | ✓ |
| 17 | PCD00A-400-22 CS7EB9 | \$803 | 1 | \$803 | |
| 18 | Tube Bellow Kit | \$385 | 2 | \$768 | |
| 19 | Gasket Manifold OREX 500 | \$252 | 1 | \$252 | |
| 20 | MSUD Double Valve Forma 18mm | \$165 | 3 | \$493 | |
| 21 | Cable Socket DIN43563 6+PE with Plug Socket | \$242 | 4 | \$965 | |
| 22 | MSUD Valve Forma 18mm | \$79 | 1 | \$79 | |
| 23 | SSK01/01 | \$107 | 1 | \$107 | |
| 24 | Connector Profibus | \$411 | 1 | \$411 | |
| 25 | MSUD Vavle Forma 18mm | \$79 | 1 | \$79 | |
| 28 | Hose Assembly | \$346 | 2 | \$692 | |
| 29 | Hose Assembly | \$91 | 2 | \$182 | |
| 30 | Flexible Coupling | \$311 | 1 | \$311 | |
| 31 | Axial Piston Pump | \$29,719 | 1 | \$29,719 | |
| 32 | Flexible Coupling | \$73 | 1 | \$73 | |
| 33 | Screw Pump 69,3CC/Rev | \$1,863 | 1 | \$1,863 | |
| 34 | Pressure Contr. G1/4, Male | \$647 | 8 | \$5,177 | |
| 35 | Socket 90° 5m cable | \$150 | 8 | \$1,195 | |
| 36 | SPZBE1010E32N | \$931 | 2 | \$1,860 | |
| 37 | C032WA12001599N10 | \$551 | 1 | \$551 | |
| 38 | CE02C08S00N10 | \$620 | 1 | \$620 | |
| 39 | D1VW020BNJW91 | \$246 | 1 | \$246 | |
| 40 | R32E35S1SN25 | \$1,637 | 2 | \$3,273 | |
| 41 | D111FPZ61LB4NK7L35 | \$16,475 | 1 | \$16,475 | |
| 42 | Relief Valve | \$166 | 5 | \$828 | |
| 43 | D111FPPE52LB4NK7035 | \$13,150 | 1 | \$13,150 | |
| 44 | D31FBE01EC4NF0010 | \$3,340 | 1 | \$3,340 | |
| 45 | PWD00A-400-19 CSFC25 | \$863 | 2 | \$1,725 | |
| 46 | D31FBB32EC4NF0010 | \$3,340 | 1 | \$3,340 | |
| 47 | Press.Red.Valve PRH161S50 | \$213 | 2 | \$425 | |

| Item No. | Description | Gross Price (USD/unit) | Required Quantity | Total Gross Price (USD) | Keep Onsite Spares |
|----------|--------------------------------|------------------------|-------------------|-------------------------|--------------------|
| 48 | Flow Control Valve | \$1,078 | 1 | \$1,078 | |
| 49 | Bi-Directional No Poppet Valve | \$650 | 1 | \$650 | |
| 50 | 24 VDC Coil Din Connector | \$70 | 1 | \$70 | |
| 51 | O-Ring 34,52x3,53 | \$1 | 1 | \$1 | |
| 52 | Relief Valve | \$215 | 1 | \$215 | |

Maintenance Labor Rates

Weekdays 0800-1700 Hours

Field Technician Standard Time charge (4 hour min) : \$ 134 per Person per Hour

Weekdays 1700-2400 Hours & Saturdays 0800-2400 Hours

Field Technician Overtime charge (4 hour min) : \$ 168 per Person per Hour

Sundays & Public Holidays 0800-2400 Hours

Field Technician Premium Time charge (4 hour min) : \$ 250 per Person per Hour

After 2400 Hours to 0800 Hours

Field Technician Premium Time charge (4 hour min) : \$ 250 per Person per Hour

Supervisor

Supervisor Standard Time charge (4 hour min) : \$ 210 per Person per Hour

Traveling Time

Field Technician : \$ 55 per Person per Hour

Supervisor : \$ 84 per Person per Hour

Travel Expenses : See Note 2 Below

Notes:

1. Minimum of 4 hours is chargeable for each visit (unless otherwise noted)
2. Travel expenses (Including but not limited to: Flights, Hotel, Meals, Rental Car, Fuel) will be billed at cost + 10% after each trip and will appear on the next billing cycle invoice

STAFF REPORT

To: SBWMA Board Members
From: Joe LaMariana, Executive Director
 John Mangini, Sr. Finance Manager
Date: May 23, 2019 Board of Director's Meeting
Subject: Resolution Authorizing the Transfer of SBWMA Bank Accounts From the City of San Carlos to the City of Redwood City to Facilitate the New Administrative Services Contract that Commences on July 1, 2019

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-30 attached hereto authorizing the following action:

Authorize the Board of Directors to change the authority and contact information on record for the SBWMA's Wells Fargo Bank Account from the City of San Carlos to the City of Redwood City. This follows the February 2019 Board approval of the 3-Year Finance and Accounting Services Contract (with two one-year options) with the City of Redwood City. In addition, the Board concurrently approved a one-time expenditure of up to \$40,300 with the City of San Carlos to cover their anticipated contract termination/transition costs to be executed in Q1 of FY19-20. This Resolution allows for the below City of Redwood City officers to become the primary Key Principals associated with the SBWMA's bank account in conjunction with retaining the existing authorized City of San Carlos Key Principals to perform bank account transactions in the up-to 3 month transition period starting July 1, 2019.

Summary

After selecting the City of Redwood City for performing Finance and Accounting Services, the SBWMA needs to transfer bank account authorization from the City of San Carlos Key Principal staff to City of Redwood City Key Principal Staff as per **Table 1** below. Both cities' listed staff shall remain authorized to perform bank account transactions in the aforementioned transition period.

Table 1
Key Transition Staff for San Carlos and Redwood City Service Transition

| City | Key Principal Legal Name | Title/Position | Office Address |
|--------------|--------------------------|---|---|
| Redwood City | Kimbra McCarthy | Assistant City Manager and Administrative Services Director | 1017 Middlefield Road, Redwood City, CA 94063 |
| Redwood City | Derek Rampone | Financial Services Manager | 1017 Middlefield Road, Redwood City, CA 94063 |
| San Carlos | Michael Galvin | City Treasurer | 610 Elm Street, Suite 202, San Carlos, CA 94070 |
| San Carlos | Jeff Maltbie | City Manager | 610 Elm Street, Suite 202, San Carlos, CA 94070 |

| | | | |
|------------|--------------------|-------------------------------------|---|
| | | | |
| San Carlos | Rebecca Mendenhall | Director of Administrative Services | 610 Elm Street, Suite 202, San Carlos, CA 94070 |
| San Carlos | Carrie Tam | Financial Services Manager | 610 Elm Street, Suite 202, San Carlos, CA 94070 |

The listed City of Redwood City staff also need to complete and sign the Wells Fargo Government Customer Certification Form (See **Attachment A**) by entering their Customer Information and names above the City of San Carlos staff names. This update will facilitate the correct listing of the title of the officers authorized to access the bank accounts. Upon completion of the transition period, the San Carlos Key Principal staff information shall be removed from the Form, and the Form resubmitted.

Analysis

Following SBWMA issuance of an RFP for Financial and Accounting Services in March 2018, and ultimate selection of the City of Redwood City as the vendor of choice for that contract based on proposed cost of service, it has become necessary to start transitioning such service and account access to them from the City of San Carlos. Those services include all general accounting services (accounts payable, accounts receivable, cash receipts and general ledger), and maintenance of bank and investment accounts and financial statement preparation (and review by outside auditors) for the fiscal and calendar years. These services are predicated by the City of Redwood City staff having access to the SBWMA bank account, which needs to be granted through this Authorization and revising the aforementioned Form to have City of Redwood City staff information added to the Key Principals information table.

Background

On March 1, 2000, the City of San Carlos Finance Department began providing basic financial and accounting services for the SBWMA. The City has continued to provide these services to the SBWMA in the meantime, with those services set to transition to the City of Redwood City starting on July 1, 2019.

Fiscal Impact

There is no fiscal impact to this transfer of Bank Accounts.

Attachments:

Resolution 2019-30

Attachment A – Current Government Customer Certification – Wells Fargo Account Form



RESOLUTION NO. 2019-30

**RESOLUTION OF THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY BOARD OF DIRECTORS
AUTHORIZING THE TRANSFER OF SBWMA BANK ACCOUNTS FROM THE CITY OF
SAN CARLOS TO THE CITY OF REDWOOD CITY TO FACILITATE THE NEW
ADMINISTRATIVE SERVICES CONTRACT THAT COMMENCES ON JULY 1, 2019**

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors entered into an agreement with the City of Redwood City for the purpose of providing the following services: Financial and Accounting Services for three years starting July 1, 2019, and

WHEREAS, the SBWMA bank account needs to include City of Redwood City staff as Key Principals for managing the Authority's Wells Fargo account, while retaining current City of San Carlos-authorized staff as Key Principals with such access for the Financial and Accounting Services transition period (of up to 3 months), after which the latter staff shall be removed from the account via resubmitted forms, and

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the transfer of Bank Accounts to the City of Redwood City, starting July 1, 2019.

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 23rd day of May 2019, by the following vote:

| Agency | Yes | No | Abstain | Absent | Agency | Yes | No | Abstain | Absent |
|----------------|-----|----|---------|--------|-------------------------|-----|----|---------|--------|
| Atherton | | | | | Menlo Park | | | | |
| Belmont | | | | | Redwood City | | | | |
| Burlingame | | | | | San Carlos | | | | |
| East Palo Alto | | | | | San Mateo | | | | |
| Foster City | | | | | County of San Mateo | | | | |
| Hillsborough | | | | | West Bay Sanitary Dist. | | | | |

I HEREBY CERTIFY that the foregoing Resolution No. 2019-30 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on May 23, 2019.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary

Government Customer Certification

The undersigned certifies that he or she is the authorized representative of the Customer named below with the authority to act on behalf of the Customer and certifies that the information provided below is complete, correct, and in accordance with the Customer's governing documents now in full force and effect.

Customer Information

| | | |
|---|---|-----------------------------|
| Full Legal Name with no abbreviations (Must match the governing/organizational document(s) and TIN certification documentation) South Bayside Waste Management Authority | | |
| Registered Physical Business Address 610 Elm Street, Suite 202, San Carlos, CA 94070 | | |
| Tax Identification Number 94-3354877 | TIN is shared with another entity? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | State of Registration CA |

Organizational Type (As indicated on the governing/organizational documentation - *Must Select One*)

| | | |
|--|--|--|
| <input type="checkbox"/> Government Entity | <input type="checkbox"/> Political Subdivision | <input checked="" type="checkbox"/> Government Agency |
| <input type="checkbox"/> Government Instrumentality (If selected, copy of Organizational documents required) | | <input type="checkbox"/> Government Agency (For Public Colleges/Universities, copy of Organizational documents required) |

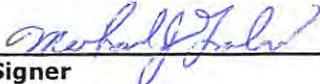
Key Principal(s) Information

The **Key Principals** and document **Signer** (below) must represent individuals who serve in the following capacity for the Customer:

1. Individuals with day to day or strategic control/management of the customer; and
2. Individuals responsible for the supervision and quality of accounting and financial reporting of the customer. (e.g. Head of the Executive Branch, Director, City Manager/County Manager, or their equivalent(s), Controller/Treasurer, Finance Director, or their equivalent(s)).

| Legal Name | Title/Position | Personal Address | Date of Birth |
|--------------------|----------------------------|---|---------------|
| Michael Galvin | City Treasurer | 610 Elm Street, Suite 202, San Carlos, CA 94070 | N/A |
| Jeff Maltbie | City Manager | 610 Elm Street, Suite 202, San Carlos, CA 94070 | I |
| Rebecca Mendenhall | Director of Admin Svcs | 610 Elm Street, Suite 202, San Carlos, CA 94070 | |
| Carrie Tam | Financial Services Manager | 610 Elm Street, Suite 202, San Carlos, CA 94070 | |
| | | | |
| | | | |

Acknowledged & Agreed To


By/Signer

CITY TREASURER
Title

MICHAEL J. GALVIN
Printed Name

5/31/18
Date

STAFF REPORT

To: SBWMA Board Members
From: Joe LaMariana, Executive Director
 John Mangini, Senior Finance Manager
Date: May 23, 2019 Board of Director's Meeting
Subject: Resolution Authorizing the City of Redwood City to Assume and Manage the SBWMA's Financial Investments in Association with the Commencement of the New Administrative Services Agreement, effective July 1, 2019

Recommendation

It is recommended that the SBWMA Board of Directors approve Resolution No. 2019-31 attached hereto authorizing the following action:

Authorize the Board of Directors to allow the officers of the City of Redwood City to deposit and withdraw monies in investment accounts (e.g. State of California Local Agency Investment Fund [LAIF] and San Mateo County Pool) on behalf of the SBWMA. This follows the February 2019 Board approval of the 3-Year Finance and Accounting Services Contract (with two one-year options) with the City of Redwood City. This Resolution allows for the below City of Redwood City officers to become the authorized signors associated with the SBWMA's LAIF and San Mateo County Pool accounts.

Summary

After selecting the City of Redwood City for performing Finance and Accounting Services, the SBWMA needs to transfer SBWMA investment management authorization from the City of San Carlos officers to City of Redwood City officers as per **Table 1** below.

Table 1
Key External Transition Officers Responsible for the SBWMA's Financial Investment Assets

| City | Officer Legal Name | Title/Position | Office Address |
|--------------|--------------------|---|---|
| Redwood City | Kimbra McCarthy | Assistant City Manager and Administrative Services Director | 1017 Middlefield Road, Redwood City, CA 94063 |
| Redwood City | Derek Rampone | Financial Services Manager | 1017 Middlefield Road, Redwood City, CA 94063 |
| Redwood City | Sylvia Peters | Principal Analyst/Deputy Treasurer | 1017 Middlefield Road, Redwood City, CA 94063 |
| San Carlos | Michael Galvin | City Treasurer | 610 Elm Street, Suite 202, San Carlos, CA 94070 |
| San Carlos | Jeff Maltbie | City Manager | 610 Elm Street, Suite 202, San Carlos, CA 94070 |
| San Carlos | Rebecca Mendenhall | Director of Administrative Services | 610 Elm Street, Suite 202, San Carlos, CA 94070 |
| San Carlos | Carrie Tam | Financial Services Manager | 610 Elm Street, Suite 202, San Carlos, CA 94070 |

The listed City of Redwood City staff also need to complete and sign the LAIF Authorization for Transfer of Funds form by entering their information and signing the form (See **Attachment A – LAIF Authorization for Transfer of Funds Form**). This update will facilitate the correct listing of the title of the officers authorized to withdraw and deposit funds. The San Carlos officer staff information shall be removed from the Form prior to submission.

Analysis

Following SBWMA issuance of an RFP for Financial and Accounting Services in March 2018, and ultimate selection of the City of Redwood City as the vendor of choice for that contract based on proposed cost of service, it has become necessary to start transitioning such service and account access to them from the City of San Carlos. Those services include all general accounting services (accounts payable, accounts receivable, cash receipts and general ledger), and maintenance of bank and investment accounts and financial statement preparation (and review by outside auditors) for the fiscal and calendar years. These services include the City of Redwood City staff having access to the SBWMA investment accounts, which needs to be granted through this Authorization and revising the aforementioned Form to add City of Redwood City staff information to the officer information table, while omitting City of San Carlos staff information.

Background

On March 1, 2000, the City of San Carlos Finance Department began providing basic financial and accounting services for the SBWMA. The City has continued to provide these services to the SBWMA in the meantime, with those services set to transition to the City of Redwood City starting on July 1, 2019.

The State of California Local Agency Investment Fund (LAIF) is an investment fund operated by the State Treasurer for exclusive use by cities, counties, special districts, and other local agencies. LAIF invests in a variety of taxable high quality securities and loans (U.S. treasuries, certificates of deposits, bankers' acceptances, commercial paper, corporate bonds, loans, and mortgages). The SBWMA has made extensive use of investment accounts in LAIF, along with the San Mateo County Pool (a County of San Mateo-managed investment pool). LAIF currently limits public agencies to a maximum amount on deposit of \$50 million per account with a limit of 15 transactions (deposits or withdrawals) per month.

Fiscal Impact

There is no fiscal impact to this change in access for authorization of LAIF and San Mateo County Pool transfer of funds.

Attachments:

Resolution 2019-31

Attachment A – Local Agency Investment Fund (LAIF) Authorization for Transfer of Funds Form



RESOLUTION NO. 2019-31

RESOLUTION OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY BOARD OF DIRECTORS

AUTHORIZING THE CITY OF REDWOOD CITY TO ASSUME AND MANAGE THE SBWMA'S FINANCIAL INVESTMENTS IN ASSOCIATION WITH THE COMMENCEMENT OF THE NEW ADMINISTRATIVE SERVICES AGREEMENT, EFFECTIVE JULY 1, 2019

WHEREAS, the South Bayside Waste Management Authority (SBWMA) Board of Directors entered into an agreement with the City of Redwood City for the purpose of providing the following services:
Financial and Accounting Services for three years starting July 1, 2019, and

WHEREAS, pursuant to Chapter 730 of the Statutes of 1976, Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer, and

WHEREAS, the Board does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purposes of investment as stated therein is in the best interests of the SBWMA, and

WHEREAS, the Board passed Resolution No. 2006-05 on August 24, 2006, authorizing certain City of San Carlos officer titles to order the deposit and withdrawal of monies, and

WHEREAS, the Board desires to rescind Resolution No. 2006-05 and adopt this Resolution instead, and

WHEREAS, the SBWMA investments within the Local Agency Investment Fund (LAIF) need to be managed by the contractor for Financial and Accounting Services (currently the City of San Carlos, until July 1, 2019 when that transitions to the City of Redwood City), and

WHEREAS, City of Redwood City officers need to be authorized access to manage SBWMA investments within the LAIF, while currently authorized City of San Carlos officers need to have such access removed via the submitted form, and

NOW, THEREFORE BE IT RESOLVED that the South Bayside Waste Management Authority hereby authorizes the City of Redwood City to manage SBWMA investments, starting July 1, 2019.

BE IT FURTHER RESOLVED that the Board does hereby authorize the deposit and withdrawal of the monies of the South Bayside Waste Management Authority in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code including, without limitation, proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the Authority, for the purpose of investment as stated in Section 16429.1, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED that the following South Bayside Waste Management Authority-designated officers of the City of Redwood City shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

TITLE:

City Manager

Assistant City Manager

City Treasurer

Deputy Treasurer

Administrative Services Director

Finance Officer

Financial Services Manager

Principal Analyst

Kimbra McCarthy
(Name)

Derek Rampone
(Name)

Sylvia Peters
(Name)

Assistant City Mgr.
(Title)

Finan. Services Mgr.
(Title)

Principal Analyst
(Title)

(Signature)

(Signature)

(Signature)

PASSED AND ADOPTED by the Board of Directors of the South Bayside Waste Management Authority, County of San Mateo, State of California on the 23rd day of May 2019, by the following vote:

| Agency | Yes | No | Abstain | Absent | Agency | Yes | No | Abstain | Absent |
|----------------|-----|----|---------|--------|-------------------------|-----|----|---------|--------|
| Atherton | | | | | Menlo Park | | | | |
| Belmont | | | | | Redwood City | | | | |
| Burlingame | | | | | San Carlos | | | | |
| East Palo Alto | | | | | San Mateo | | | | |
| Foster City | | | | | County of San Mateo | | | | |
| Hillsborough | | | | | West Bay Sanitary Dist. | | | | |

I HEREBY CERTIFY that the foregoing Resolution No. 2019-31 was duly and regularly adopted at a regular meeting of the South Bayside Waste Management Authority on May 23, 2019.

ATTEST:

Jess E (Jay) Benton, Chairperson of SBWMA

Cyndi Urman, Board Secretary



**LOCAL AGENCY INVESTMENT FUND (LAIF)
AUTHORIZATION FOR TRANSFER OF FUNDS**

DATE _____

AGENCY NAME _____

LAIF ACCOUNT # _____

AGENCY'S LAIF RESOLUTION # _____ OR RESOLUTION DATE _____

Only the following individuals of this agency whose names appear in the table below are hereby authorized to order the deposit or withdrawal of monies in LAIF. This authorization supersedes all prior authorizations on file with LAIF. Individuals currently authorized who are not listed below will be deleted.

| NAME* | TITLE | SIGNATURE |
|-------|-------|-----------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Please provide email address to receive LAIF notifications.

| NAME* | EMAIL |
|-------|-------|
| | |
| | |

*Please attach additional sheets, if necessary.

Two authorized signatures required pursuant to your agency's resolution.

SIGNATURE

PRINT NAME

TITLE

TELEPHONE

SIGNATURE

PRINT NAME

TITLE

TELEPHONE

Mail completed form to:
State Treasurer's Office
Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001

Revised 3/15

STAFF REPORT

To: SBWMA Board Members
From: John Mangini, Senior Finance Manager
Date: May 23, 2019 Board of Directors Meeting
Subject: Approval of Quarterly Investment Report for the Quarter Ended March 31, 2019

Recommendation

It is recommended that the SBWMA Board review and accept the Quarterly Investment Report.

Analysis

The primary objective of the Investment Policy for the SBWMA is safety of principal, while meeting the cash flow needs of the Authority, through prudent investment of unexpended cash. As of March 31, 2019, the investment portfolio was in compliance with the Investment Policy. The portfolio contains sufficient liquidity to meet the next six months of expected expenditures by the Authority as well as by other third parties.

Fiscal Impact

The attached Investment Portfolio Summary indicates that as of March 31, 2019, funds in the amount of \$21,331,305 were invested, producing a weighted average yield of 1.98%.

Below is a summary of the changes from the last quarter.

| | Qtr Ended 3/31/19 | Qtr Ended 12/31/18 | Increase (Decrease) |
|-----------------------------|----------------------|-----------------------|------------------------|
| Total Portfolio | \$ 21,331,305 | \$ 23,092,221 | \$ (1,760,916) |
| Weighted Average Return | 1.98% | 1.85% | 0.13% |
| Interest/Dividends Earnings | \$ 133,096 | \$ 114,964 | \$ 18,132 |

The total quarter-end portfolio balance decreased by \$1,760,916 when compared with the previous quarter. The decrease occurred primarily in March due to the transfer of cash from investments to cover operating costs and the biannual payment of bond interest from the BNY payment account (\$1.3m). However, over the course of the whole quarter, the average total portfolio balance was higher than in the previous quarter, which helped generate slightly higher interest income compared to the previous quarter. Total interest and dividend earnings were \$18,132 (15.8%) higher than the previous quarter due to higher percentage returns and the higher average investable balance over the three-month period.

A table comparison of the portfolio components is provided below:

| | 3/31/2019 Balance | % of Total | 12/31/2018 Balance | % of Total | Change over Prior Quarter |
|------------------------|------------------------------|-----------------------|-------------------------------|-----------------------|--------------------------------------|
| SM County Pool | \$ 5,230,212 | 25% | \$ 5,453,401 | 24% | \$ (223,189) |
| LAIF | 10,553,938 | 49% | 11,840,565 | 51% | (1,286,627) |
| Bond Accounts | 5,547,155 | 26% | 5,798,255 | 25% | (251,100) |
| Total Portfolio | \$ 21,331,305 | 100% | \$ 23,092,221 | 100% | \$ (1,760,916) |

Note: There may be minor differences in totals as individual amounts are rounded to the nearest dollar

Due to arbitrage restrictions, bond investments are not included in our LAIF rate or investment pool comparison. As of March 31, 2019, the bond reserve and payment accounts of approximately \$5.5 million were invested with the trustee in short-term investments.

As of March 31, 2019, investments in the County Investment Pool totaled 33% of SBWMA's funds available for investment pools (see Attachment 1). The percentage is within the range specified by the SBWMA Board.

The average yield of the portfolio in the quarter excluding the bond proceeds was 2.49%. LAIF is used as a benchmark and the average LAIF yield for the quarter ending March 31, 2019, was 2.55%. The San Mateo County Pool average yield for the quarter was 2.37%.

The Investment Advisory Committee, consisting of Jeff Maltbie, City Manager of San Carlos; Michael Galvin, City Treasurer for San Carlos; and Rebecca Mendenhall, Administrative Services Director of San Carlos, have reviewed this report before presentation to the Board.

Attachments

- A. Summary of All Investments for Quarter Ending March 31, 2019
- B. Investment Portfolio 3/31/2019 - Chart
- C. Historical Summary of Investment Portfolio

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

SUMMARY OF ALL INVESTMENTS

For Quarter Ending March 31, 2019

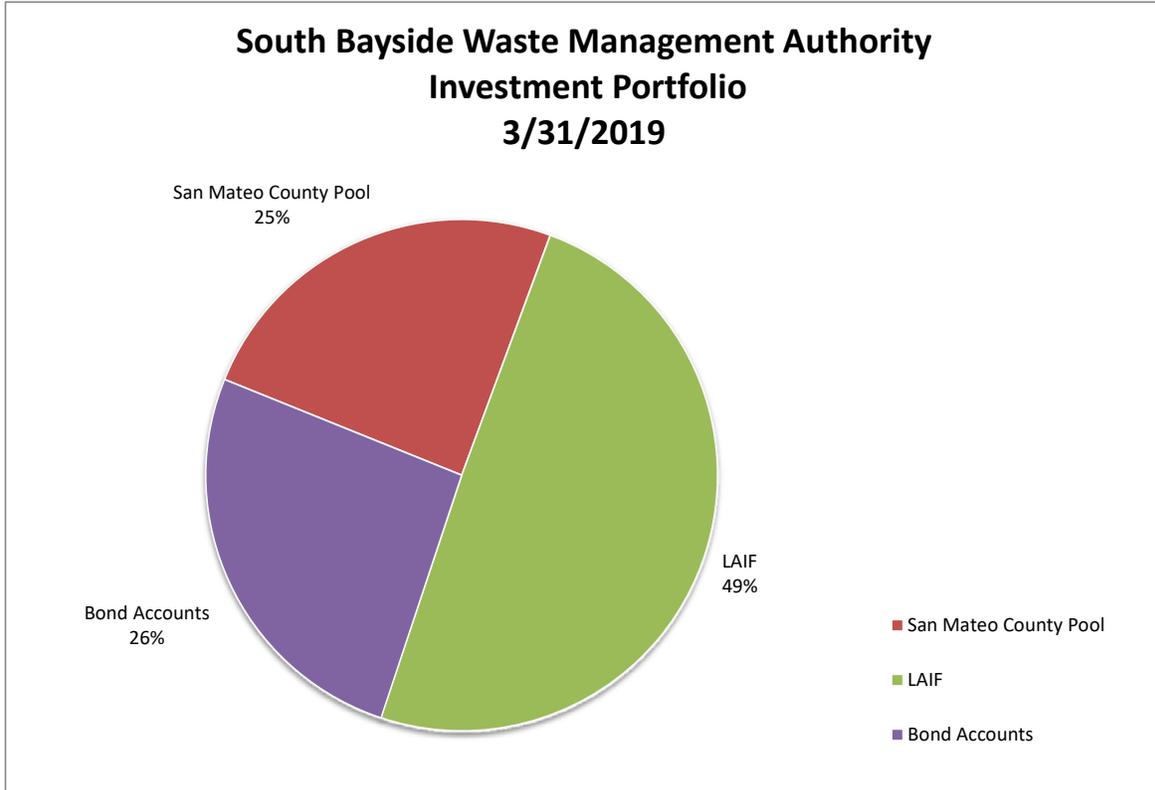
| Category | Weighted Average Return | Historical Book Value | % of Portfolio | GASB 31 ADJ Market Value* | Interest/ Dividend Earned |
|---|-------------------------------|--------------------------|-------------------|------------------------------|---------------------------------|
| Liquid Investments: | | | | | |
| San Mateo County Investment Pool (COPOOL) | 2.37% | \$ 5,230,212 | 33% | \$ 5,230,212 | \$ 31,455 |
| Local Agency Investment Fund (LAIF) | 2.55% | 10,553,938 | 67% | 10,555,489 | 69,116 |
| Total - Investments | 2.49% | 15,784,150 | 100.00% | 15,785,701 | 100,571 |
| Bond Accounts - Cash with Fiscal Agents | | | | | |
| BNY Western Trust - Blackrock Treasury Trust Instl 62 2009A Reserve Fund Account | 0.55% | 4,192,165 | | 4,192,165 | 22,886 |
| BNY Western Trust - Blackrock Treasury Trust Instl 62 2009A Payment Fund Account | 0.55% | 1,354,990 | | 1,354,990 | 9,639 |
| Total - Bond Accounts | 0.55% | 5,547,155 | | 5,547,155 | 32,525 |
| GRAND TOTAL OF PORTFOLIO | 1.98% | \$ 21,331,305 | | \$ 21,332,856 | \$ 133,096 |
| Total Interest/ Dividend Earned This Quarter | | | | 133,096 | |
| Total Interest/ Dividend Earned Fiscal Year-to-Date | | | | 359,937 | |

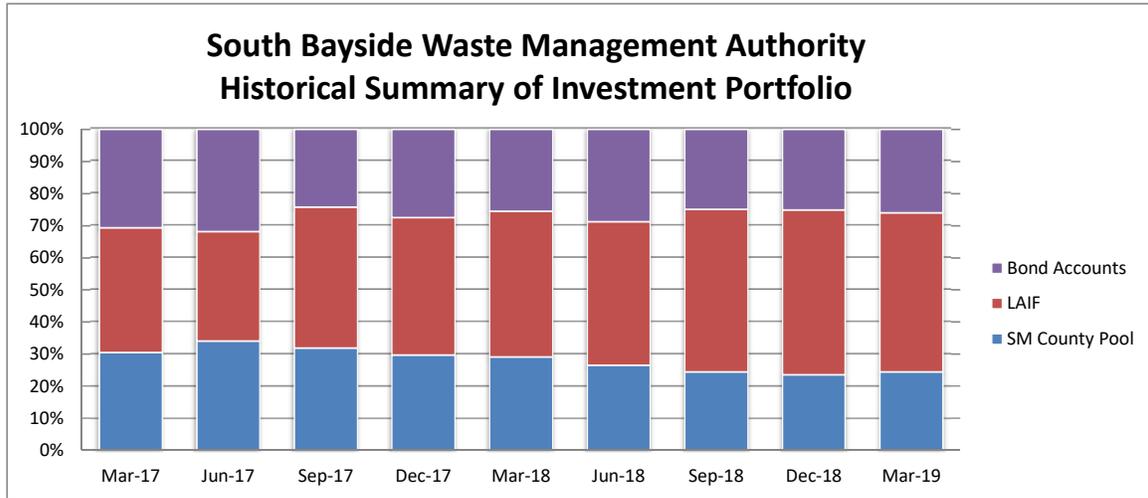
Note: SBWMA Board approved the following investment mix at its January 22, 2015 meeting:

LAIF - 50% to 70%

COPOOL - 30% to 50%

*Difference in value between Historical Value and Market Value may be due to timing of purchase. Investments in the investment pools may have been purchased when interest rates were lower or higher than the end date of this report. As interest rates increase or decrease, the value of the investment pools will decrease or increase accordingly. However, interest rate fluctuations does not have any impact to SBWMA's balance in the investment pools. The market values are presented as a reference only.





South Bayside Waste Management Authority Portfolio

| | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 |
|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| SM County Pool | 5,306,369 | 6,821,606 | 6,141,927 | 6,160,258 | 6,178,931 | 5,950,328 | 4,677,171 | 5,453,401 | 5,230,212 |
| LAIF | 6,782,867 | 6,843,909 | 8,458,145 | 8,882,011 | 9,657,438 | 10,043,712 | 9,683,992 | 11,840,565 | 10,553,938 |
| Bond Accounts | 5,325,786 | 6,364,259 | 4,663,531 | 5,704,703 | 5,401,411 | 6,452,737 | 4,742,350 | 5,798,255 | 5,547,155 |
| Grand Total | \$ 17,415,022 | \$ 20,029,774 | \$ 19,263,603 | \$ 20,746,972 | \$ 21,237,780 | \$ 22,446,777 | \$ 19,103,513 | \$ 23,092,221 | \$ 21,331,305 |