EXHIBIT A

Shoreway Master plan (Shoreway Environmental Center)
<u>Critical Milestones</u>

Date	**Key Item/Milestone**
March 22, 2007	**Informational report** to update the SBWMA Board on the Shoreway Recycling and Disposal Center (SRDC) master plan work and seek SBWMA Board input on final master plan concepts. Input from this SBWMA Board meeting, along with some pending related work efforts, will be used to recommend a **preferred master plan alternative** for consideration at the April 26, 2007 SBWMA Board meeting.
April 26, 2007	**SBWMA Board approval of a master plan preferred alternative** consisting of the materials recovery facility **(MRF) Alternative 2** plus the transfer station site improvements to address traffic improvements, self haul tipping, and improved safety and service convenience for public buyback and drop-off recycling. In total, these projects will comprise a "preferred master plan alternative.
September 27, 2007	**SBWMA Board approval** to begin work scope and cost negotiations with the Design team of JR Miller/HDR Engineering for the Shoreway Environmental Center improvements.
October 25, 2007	**SBWMA Board approval** of the JRMA scope and budget for the **architectural and engineering work** for the Shoreway Recycling and Disposal Center (SRDC) master plan. JRMA scope of work includes the completion of the facility design programming, production of architectural and engineering drawings that will serve as the basis for construction bidding, and construction services administration.
November 1, 2007	Shoreway **facility operations RFP released**, which included conceptual site plans for master plan improvements.
February 11, 2008	**Conditional Use Permit application** submitted to the City of San Carlos for Shoreway master plan improvements.
March 4, 2008	**Seven proposals received in response to the facility operations RFP**. These proposals included firm cost proposals for the purchase and installation of single stream processing equipment. This is the first time the SBWMA had such firm cost proposals.
April 24, 2008	SBWMA staff presentation to SBWMA Board and report on the **Shoreway Master Plan and Financing Update.** This detailed an updated analysis of the financing plan for the Shoreway Environmental Center (the new name for the SRDC after the improvements are completed) capital improvements, including the Material Recovery Facility (MRF) processing equipment. As noted in the staff report, a very preliminary financial assessment was completed a year ago as part of the approval process for the

	Shoreway master plan preferred alternative. This April 2008 updated and much more thorough analysis was completed step-wise as follows: ▪ Prepared an estimated capital budget for the Shoreway improvements based on: - Revised planning level (**not a firm construction cost estimate based on a certain % complete engineering drawings**) cost estimate for building improvements. - MRF processing equipment cost estimate derived from the Shoreway Operations RFP responses. - MRF processing equipment installation cost estimate derived from the Shoreway Operations RFP responses.
June 26, 2008	SBWMA Board approval of a resolution authorizing issuance of revenue obligations and requesting member agencies to adopt resolutions approving the sale of bonds to finance improvements to the Shoreway facility **and to refund the bonds issued by SBWMA in 2000**.
July 21, 2008	City of San Carlos Planning Commission **approval of CUP** <u>and</u> approval of mitigated negative declaration.
July 24, 2008	**SBWMA Board approval** to shortlist South Bay Recycling and Hudson Baylor Corp. for further negotiations as the future operator of the Shoreway Environmental Center.
October 23, 2008	SBWMA Board approved contract award for scale house construction. This represents Phase 1 of construction activities as part of the Shoreway master plan improvements.
December 2008	Phase I Construction started. This is construction of traffic improvements only.
January 22, 2009	Update on Shoreway masterplan costs and financing plan. Selection committee preliminary recommendation re: future Shoreway operator.
Jan./Feb./Mar. 2009	Member Agency consideration of bond approval.
February 26, 2009	SBWMA Board consideration of approval of bid documents for Phase 2 Shoreway master plan improvements.
March 26, 2009	SBWMA Board consideration of approval of final selection of a Shoreway operations contractor.

April 23, 2009	SBWMA Board consideration of approval of sale of bonds (contingent on two-thirds of member agencies approving bond issuance). SBWMA Board consideration of approval of contract award for transfer station and MRF construction. This represents Phase 2 of construction activities as part of the Shoreway master plan improvements.
June/July 2009	Phase 2 construction begins. Improvements completed spring 2011.

Spring/Summer 2009 Member Agency consideration of approval of Operations Agreement for the new Shoreway operator.

EXHIBIT B

SHOREWAY CAPITAL PROJECT COST ESTIMATE (000's)

Date of Project estimate:	JUNE 2008	JAN 2009
BASE CONSTRUCTION		
Planning & Design [1]	1,669.3	2,269.1
Scales [2]	1,955.5	2,195.0
Site Work (includes bldg demo and earthwork)	4,533.2	4,135.9
"Soft Costs" [3]	1,606.7	1,461.0
Transfer Station Building Retrofit	8,200.9	8,636.6
MRF Building	16,357.3	14,896.0
Construction Management	1,859.5	2,223.3
Building sub-total	**$36,182.4**	**$35,816.9**
MRF Equipment Purchase [4]	15,000.0	15,117.1
MRF Equipment Installation [5]	2,779.0	2,840.2
TOTAL BUILDING & EQUIPMENT	**$53,961.4**	**$53,774.2**
Additional Contingency @ 10%	5,396.1	5,377.4
TOTAL PROJECT	**$59,357.5**	**$59,151.6**

[1] Includes JR Miller A&E design fees.
[2] Rodan Builders bid award with construction started in December 2008.
[3] "Soft costs" include LEED fees; and other construction costs such as landscaping, site signage, PG&E transformer, repainting the exterior of the transfer station, transfer station roof replacement, telecom and security, etc.
[4] Average cost of equipment proposals from SBR and HBC, including some limited equipment options.
[5] Assumes the SBWMA separately bids out and oversees this work. SBWMA to prequalify firms. The costs will be adjusted for inflation from 2008 dollars to 2010 dollars when installation will occur.

EXHIBIT C

SBWMA PLAN OF FINANCE

January 09 Type of Debt	*(000's)*	Oct '08 AMT	Jan-09 VRDB PLAN	Jan '09 BAN / LT
Project Cost		59,357.4	59,151.6	59,151.6
Redemption of 2000 Bonds		14,990.0	13,876.7	13,876.7
2000 Bonds DSRF		(1,690.0)	(1,690.0)	(1,690.0)
SBWMA Capital Reserves		(18,959.0)	(16,991.0)	(16,991.0)
Net Funding Requirement		**$53,698.4**	**$54,347.3**	**$54,347.3**
Issuance Costs		1,397.7	332.5	530.0
Capitalized Interest		3,865.0	4,459.0	4,459.0
Original Issue Discount		900.2	818.1	1,941.9
Debt Service Reserve Fund		5,593.7	5,490.4	5,894.7
rounding			2.7	2.1
Total Bonds Issued		**$65,455.0**	**$65,450.0**	**$67,175.0**
Long Term Bond				
Term (# Years)		20	25	25
Interest Rate		5.75%	5.23%	7.25%
Annual Payment		$5,593.7	$5,490.4	$5,894.7
Short Term Note				
Term (# Years)				2
Interest Rate				5.00%
Annual Interest Payment				$3,271.5

Refunding of 2000 Bonds included in all Finance Plans.

Two plans of Finance are presented for 2009. Final selection will depend on actual market conditions in place at the time of the planned sale of debt.

PLAN OF FINANCE UPDATE

The plan of finance, first developed in May 2008, recommended that the SBWMA sell long-term, fixed rate bonds to take advantage of the then relatively low estimated interest cost of approximately 5.75% for tax exempt bonds subject to the alternative minimum tax (AMT). Since then credit markets have become completely dysfunctional: banks have stopped lending, institutional bond investors have not had cash to invest and individual investors have flocked to short-term treasuries, driving yields to near zero. Underwriters are struggling to sell all but the best municipal credits and AMT bonds are very difficult to market. The current interest cost estimate for AMT bonds is approximately 8.5%.

Except for retail investors, who are largely limiting their purchases to AA and higher rated general obligation and essential purpose bonds, there are very few buyers for long-term bonds. Demand for short-term bonds, however, remains robust as buyers of all stripes have shortened their investment horizons and cash has poured into the tax-exempt money market funds. Due to lack of demand, short-term AMT paper trades at a wider spread to non-AMT paper than it has done so historically (i.e., .25% more expensive instead of only .05%).

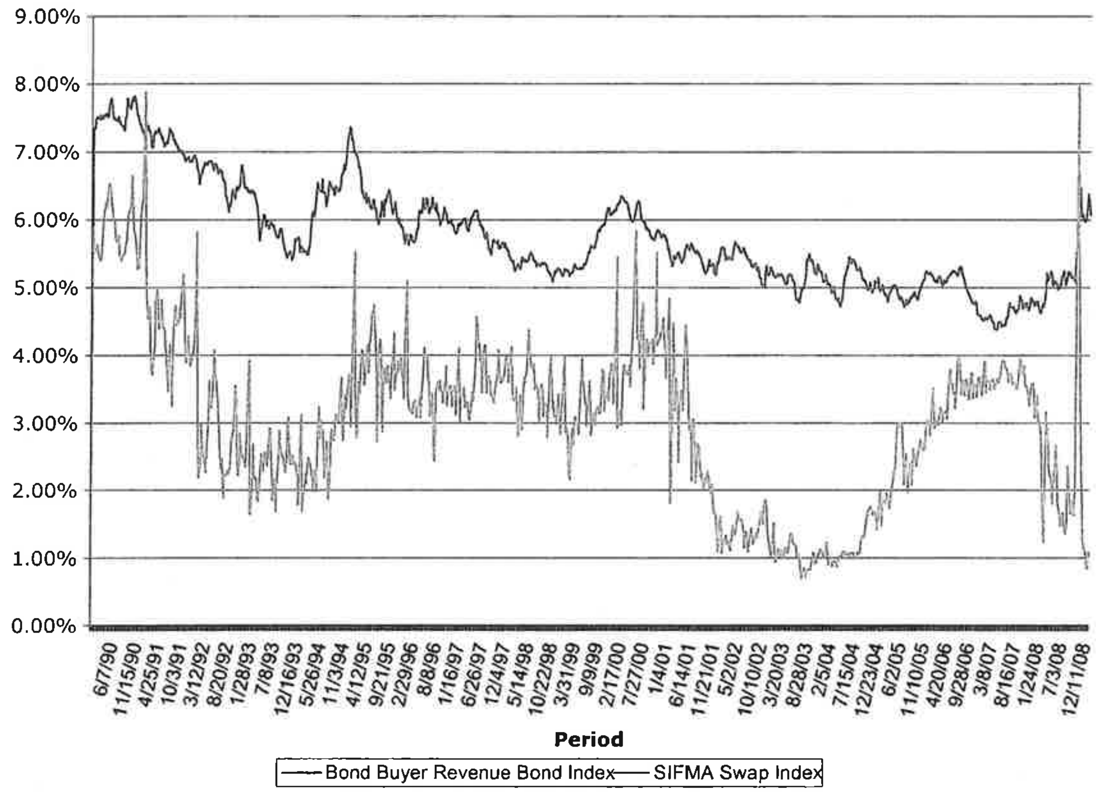
As a result of these developments, the SBWMA's team of financial professionals recommends that the SBWMA shift its plan of finance to the sale of either variable rate demand bonds (VRDBs) or short-term bond anticipation notes (BANs) followed by long term fixed rate bonds. Both of these types of securities are in high demand, and both carry interest rates that are lower than the current long-term bond cost estimate of 8.5%.

VRDBs

Summary -- VRDBs are long term bonds that are priced as extremely short term debt. The rate changes weekly and investors have the opportunity to sell their bonds back to the issuer at par (a "put") on any interest payment date with only 7 day's notice. The put is secured by a bank letter of credit (LOC), which is an essential security feature. A remarketing agent re-sells bonds that are put. Current interest rates on VRDBs are under 1%, although rates have averaged closer to 3% since 1990. Total annual costs include the LOC (approximately 1.50%), the remarketing agent (approximately .125%) and variable interest costs (3.06% average since 1990).

The chart below compares tax-exempt weekly rates to long-term tax-exempt rates for the period from 1990 to December 2008.

Short Term Tax Exempt v. Long Term Tax Exempt Yiel



The Letter of Credit – During 2008 demand for letters of credit was very high as issuers rushed to refund auction rate securities (which had their own meltdown last spring), VRDBs secured by bond insurers (all of which have had their ratings downgraded, in some cases to junk bond levels, due to credit exposure to collateralized mortgage obligations) and DEPFA Bank letters of credit (downgraded below marketable levels). As a result, LOCs from highly rated banks are in short supply and fees have risen dramatically.

Total VRDB Costs -If an LOC could be obtained, SBWMA could expect to pay 1.25% - 1.75% annually for a letter of credit[1]. Remarketing fees would be around .125% annually. The AMT penalty on VRDBs is usually around .05%, but is currently about .25%. When these program expenses are added to the 5-year average cost of funds of 3.1%, SBWMA could expect VRDB annual costs, on average, in the range of 4.52% - 5.22%, although they are currently much less.

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[1] Although the bonds are long term, the letter of credit will usually only have a term of 3-5 years (three is more likely in the current market), and the letter of credit must be either renewed or replaced prior to its termination. Alternatively, the bonds can be refunded or converted to a fixed interest rate. If none of these events takes place by the time the letter of credit expires, the letter of credit is used to purchase all of the bonds and the bonds covert to a term loan with the bank, usually with a prime-plus rate and a very short amortization period (5-10 years).

Risks –shift short term tax exempt rates higher), and credit renewal risk (that the letter of credit cannot be renewed and must be replaced, or the bonds refunded). Interest rate fluctuation risk can be managed in several ways. Derivative products, such as an interest rate cap or an interest rate swap, can be purchased. They come with their own set of risks, such as basis risk (that the index upon which the swap is based does not move in tandem with the VRDB rate) and counter-party risk (that the counter party fails to make payments to the bond issuer). A solution that avoids some of this risk would be to appropriate amounts to the rate stabilization fund at closing and additionally deposit annual interest rate savings (the annual debt service appropriation will be at some reasonably conservative assumed interest rate) to the rate stabilization fund in order to accumulate a balance that can be used to self insure against unexpected interest cost spikes or other program expenses (such as the cost of replacing a letter of credit or converting bonds to a fixed rate).

BANs

Summary – BANs are short-term funding obligations issued prior to permanent, long-term debt. They generally pay interest only, with their full principal amount coming due upon their maturity. Because their term is short (usually 1 to 3 years), they bear a lower rate of interest than long-term bonds. They must be either re-issued ("rolled") or refunded with another type of debt, usually permanent, long-term funding, upon maturity to avoid default. For issuers with long-term ratings in the "a" category or higher, fixed rate BANs may be issued without a supporting letter of credit.

Interest Cost – While a one year term carries the lowest interest cost (approximately 2% in the present market), it also carries greater risk that credit markets will not have returned to normalcy and the note will have to be rolled for another year or two before it can be refunded into a long term bond issue. This would entail an extra set of issuance costs (legal, financial, ratings, underwriting, etc.). A 2-year term (5% interest rate sold at a premium to yield 4.25%) or a 3-year term (approximately 4.5%) allows more time for the economy to recover and credit markets to return to historically normal conditions. Unless the note has to be rolled because long-term funding is not available, it is expected that the note would be refunded with long-term bonds upon its maturity. The expectation is fairly high that a BAN sale could be implemented, even in the present very difficult market.

Recommendations – If a letter of credit can be obtained on reasonable terms, a VRDB has the prospect of providing long-term funding at a lower cost than would a BAN followed by long-term bonds, and is therefore recommended as the first alternative. Furthermore, it is estimated to require less debt than would a two step bond sale, due principally to the issuance cost savings. Sale of a 2-year BAN followed by a long-term bond refunding is the second recommended alternative, and would be implemented if a letter of credit to support VRDBs could not be obtained on satisfactory terms. A table comparing key expected sources and uses of funds, costs and other assumptions for the two alternatives follows on the next page. These numbers are for illustration and not final to the SBWMA project plan of finance:

EXHIBIT D

	Alternative 1	Alternative 2	
	VRDB	BAN	Refunding LT Bonds
Sources of Funds			
Bonds	62,215,000	61,485,000	64,510,000
Orgininal Issue (Discount) Premium	-	1,192,194	(1,861,759)
Prior DSRF	-	-	6,148,500
Total Sources	62,215,000	62,677,194	68,796,741
Uses of Funds			
Project Fund	52,585,133	52,585,133	-
Refund BANs	-	-	61,485,000
Costs of Issuance	333,155	254,461	277,741
Capitalized Interest Allowance	3,300,000	3,074,250	-
Underwriter's Discount	777,688	614,850	1,290,200
Debt Service Reserve Fund (DSRF)	5,219,024	6,148,500	5,743,801
Total Uses	62,215,000	62,677,194	68,796,741
Assumptions			
Interest	5.23%	5.00%	7.25%
Yield	5.23%	4.25%	7.50%
Debt Service	5,219,024	3,074,250	5,743,801
Term to Maturity	25	2	25
Budget debt service at	6.500%	5.00%	7.25%
LOC	1.750%		
Remarketing	0.125%		
Average Interest	3.100%		
AMT Penalty	0.250%		
Average Annual Cost	5.225%		

Despite its risks, a VRDB structure anticipates only one set of issuance costs from the outset. A BAN anticipates at least two sets of issuance costs. The expected long-term average total annual cost of funds with a VRDB is in the range of 4.5% - 5.25% (rounded). The expected annual cost of funds with a BAN would be approximately 4.25% (2-year term), followed by a range of approximately 6% – 7.25% for long term funds. While 6% corresponds to the Bond Buyer Revenue Bond Index average since 1990, adjusted for an AMT penalty, and is a reasonable estimate of the future cost of funds, 7.25% is a more prudent planning number that demonstrates the SBWMA's ability to service debt even if interest rates remain stubbornly high well into the future.

In the present market, letters of credit are difficult to obtain. Banks are so near their credit capacity (or simply unwilling to lend credit) that they are unwilling to provide credit except to those to whom they already provide banking services. Several member agencies, including the SBWMA itself, have banking relationships with Wells Fargo Bank, and the SBWMA has an investment banking relationship with Bank of America. Both are highly rated banks that provide letters of credit for VRDBs on a select basis, and letters of credit would be solicited from each if the Board directs staff to further investigate the feasibility of structuring a VRDB.

Regardless of whether the SBWMA pursues a VRDB structure or a BAN/long-term bond structure, the SBWMA must plan on showing investors that it will be able to repay its debt. Although a VRDB sale may not require the $65.455 million authorization requested, a BAN followed by a long-term bond refunding may need the entire authorization or more. It is recommended that the requested authorization remain at $65.455 million.

EXHIBIT E

INCREMENTAL COLLECTION RATE IMPACT OF NEW DEBT SERVICE

January 2009 (000's)	MAXIMUM CASE		
Date of Project estimate	**Oct '08**	**Jan '09**	**Jan '09**
Type of Debt	***AMT***	***VRDB***	***BAN / LT***
Project Cost to Fund	$59,357	$59,152	$59,152
TOTAL BOND SIZE	$65,455	$65,450	$67,175
Total Annual Debt Service	$5,594	$5,490	$5,895
Less Current 2000 Bonds Debt Service	($1,685)	-1,685	-1,685
Incremental Debt Service	$3,909	$3,805	$4,210
Incremental Debt Service - Franchise (85%)	**$3,322**	**$3,235**	**$3,578**
Current (2009) Collection Rate Revenue	$73,237	$73,237	$73,237
SBWMA Collection Rate Impact	**4.54%**	**4.42%**	**4.89%**

DSRF - debt service reserve fund annual debt service held in reserve & applied to the final year of debt service

EXHIBIT F

2009 BOND ALLOCATION TO MEMBER AGENCIES

January 2009 (000's)			2000 Bond (2009 Balance)[1]	2009 Bond	Incremental Bond Amount
Balance		% of	$13,877	$65,450	**$51,573**
2007 Solid Waste Tonnage		Total			
Atherton	3,117	1.4%	$191	$901	$710
Belmont	12,181	5.4%	$747	$3,521	$2,775
Burlingame	29,623	13.1%	$1,816	$8,563	$6,748
EPA	12,802	5.7%	$785	$3,701	$2,916
Fair Oaks	8,218	3.6%	$504	$2,376	$1,872
Foster City	16,039	7.1%	$983	$4,636	$3,653
Hillsborough	4,097	1.8%	$251	$1,184	$933
Menlo Park	21,187	9.4%	$1,299	$6,125	$4,826
RWC	47,854	21.1%	$2,933	$13,833	$10,900
San Carlos	17,397	7.7%	$1,066	$5,029	$3,963
San Mateo	51,509	22.7%	$3,157	$14,890	$11,733
West Bay	2,391	1.1%	$147	$691	$545
TOTAL	226,415	100.0%	$13,877	$65,450	**$51,573**

Based on estimated maximum 2009 bond amount.

Allocation method is same as used to allocate the $11.6M Allied 2004 settlement which was based on SRDC inbound solid waste tons. 2008 tons not available (1/18/09)

[1] *-Includes accrued interest to 5/21/09 and 2% redemption fee*