PROPOSAL
FOR THE PURCHASE OF THE
Bellflower Municipal Water System

Submitted
June 7, 2016
June 7, 2016

Ms. Mayra Ochiqui  
Bellflower City Hall  
16600 Civic Center Drive  
Bellflower, CA 90706  

RE: Proposal for the purchase of the Bellflower Municipal Water System

Dear Ms. Ochiqui:

California-American Water Company ("California American Water") is pleased to submit this proposal ("Proposal") for the potential purchase of the City of Bellflower’s Municipal Water System (MWS) per the Request for Proposals ("RFP") issued by the City of Bellflower on May 10, 2016. California American Water is excited about the opportunity to move forward in this process.

In addition to our extensive presence in Los Angeles County, California American Water provides water and wastewater service to more than 600,000 Californians through approximately 175,000 customer connections. California American Water is a corporation organized under the laws of the State of California and a Class A regulated water utility organized and operating under regulation by the California Public Utilities Commission. California American Water provides water and wastewater service in parts of Los Angeles, Monterey, Placer, Sacramento, San Diego, Sonoma, Ventura and Yolo counties.

As a subsidiary of American Water, the largest publicly traded U.S. water and wastewater utility company, we bring bench strength and expertise to the table that others cannot. American Water employs 6,400 dedicated professionals who provide drinking water, wastewater and other related services to an estimated 15 million people in 47 states and Ontario, Canada. More information can be found at www.amwater.com.
California American Water is proud of its heritage serving as a long standing, regulated water and wastewater utility in the State of California. And, we are especially proud of American Water’s heritage of over 130 years of continuous water and wastewater utility service. Our team of qualified water resources professionals stands ready to work with the City to execute a viable succession plan.

We truly value this opportunity to participate in this RFP process and to become the future dedicated water service provider for the customers of the Bellflower MWS. We are hopeful the City will find our Proposal to consolidate the Bellflower MWS with California American Water’s Southern California Division and proposed purchase price of seventeen million dollars ($17,000,000.00) to be highly favorable. This firm offer, subject to the exceptions herein, is valid for term of twelve (12) months from the date of this letter.

The information contained in this Proposal or any part thereof, including its exhibits, schedules, and other documents and instruments delivered or to be delivered to the City, are true, accurate, and complete to the Purchaser’s knowledge. This Proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the City as to any material facts.

Sincerely,

X

Thomas F. Brunet
Vice President, Business Development
California American Water
4701 Beloit Drive
Sacramento, CA 95838
(W) (916) 568-4271
(F) (916) 568-4286
thomas.brunet@amwater.com

X

Robert G. MacLean
American Water
President, California and Hawaii
1033 B Avenue, Suite 200
Coronado, California 92118
(W) (619) 522-6361
(F) (619) 522-9651
robert.maclean@amwater.com
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1. Executive Summary

California-American Water Company ("California American Water") is pleased to submit this proposal ("Proposal") to the City of Bellflower ("City") for the purchase of the Bellflower Municipal Water System ("MWS") as described in the Requests for Proposals issued by the City on May 10, 2016. California American Water is an established, state-regulated water service provider in California, serving approximately 175,000 water and wastewater connections. As described in detail below, our Los Angeles District operations center is located strategically in the City of Rosemead, which would allow for excellent customer responsiveness to the areas currently served by the Bellflower MWS.

California American Water proposes a purchase price of seventeen million dollars ($17,000,000.00) as described in the Price Proposal below.

A key component of our proposal is a request for exception to the five-year rate stay-out as mandated in the RFP. We are proposing a two-year rate stay-out provision as we believe our competitive rates and low income assistance program would better meet the needs of Bellflower’s customers. This would keep customers on existing rates until 12/31/20 and then bring them onto our rates, which at this point are lower than the City’s. An explanation of how our approach is both unique and superior to other likely candidates is also described in the Price Proposal below.

We eagerly await the City’s response to our Proposal. Statements of Qualifications of all California American Water’s relevant team members are provided in Appendix A.

Our acknowledgements of all addenda to the RFP are included in Appendix B.

Should the City have any questions or would like to discuss any provision herein, please contact Thomas Brunet, Vice President of Business Development by phone at (916) 568-4271 or by email at thomas.brunet@amwater.com

2. Local Services and Plan of Action

**California American Water – Los Angeles District**

California American Water’s Los Angeles District serves the communities of Bradbury, Duarte, Rosemead, San Marino and Temple City as well as Baldwin Hills, Ladera Heights and View Park. The Los Angeles District serves approximately 29,832 customer connections through nearly 340 miles of pipeline. The Los Angeles District source of supply is from both groundwater from the Main and Central San Gabriel Basins and purchased water from the Metropolitan Water District ("MWD").

**Convenient Customer Service.** California American Water’s Los Angeles district headquarters is based in the City of Rosemead and serves as an operations center for Los Angeles County. The Bellflower MWS resides well within the Los Angeles District’s service radius and local
service capability. Our Company has partnered with several nationwide merchants such as Walmart and Kmart, which serve as convenient neighborhood payment centers. Bellflower MWS would have other convenient payments options such as online bill pay and electronic or paperless billing. We are proud of the service our call center provides and customers have direct access to a live human being after hours in case of an emergency.

In May of this year, California American Water celebrated its being ranked in the top quartile in the Western region for customer satisfaction in J.D. Power’s 2016 Water Utility Residential Customer Satisfaction Study. Not only were we ranked in the top quartile in the Western region, but our customer communications were 6th most memorable nationally.

**Local Resources.** As a member of California American Water’s family of customers, the Bellflower MWS customers would benefit from the expertise of our on-staff water professionals – from engineers to operations staff to water quality experts. These professionals understand water system operations, California’s highly sensitive ecosystems, and the State’s progressive regulatory environment.

**Local Management and Staff.** California American Water’s Los Angeles District is staffed with thirty-nine (39) full time employees who are ready to meet the needs of future Bellflower MWS customers. Garry Hofer oversees our operations in Los Angeles, San Diego and Ventura Counties. Mr. Hofer’s resume is included in Appendix C. Operations Manager, Monica Na, is responsible for the day to day operations of the Los Angeles District. Ms. Na’s resume is included in Appendix C. Senior Project Manager, Matt Lasecki, is responsible for capital project delivery and engineering. Mr. Lasecki’s qualifications are included in Appendix A. Operations Supervisor, Dean Lefler, oversees eight union represented employees, including one foreman, four meter readers, and two customer service representatives. Mr. Lefler’s resume is included in Appendix C. Operations Supervisor, Louie Romero, oversees fourteen union represented employees, including one foreman, seven utility workers, four pump operators, and two equipment operators. Mr. Romero’s Resume is included in Appendix C. Operations Supervisor, Beverly Hori, oversees one operations specialist and one customer service clerk. Ms. Hori’s resume is included in Appendix C.

In addition to the aforementioned employees, California American Water’s Los Angeles District staff includes a manager of external affairs, a manager of business performance, a water conservation representative, a water quality and environmental compliance representative, two project engineers, a GIS technician, an operations specialist, and an administrative assistant.

An organizational chart, which illustrates the management structure of California American Water’s Los Angeles District, is included below.
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Table 1. Organizational Chart – California American Water Los Angeles District

Robert Maclean
President

Richard Svindland
V.P. Operations

Deana Donohue
Dir. Engineering

Edward Simon
Dir. Business Performance

Garry Hofer
Director of Operations

Tim Miller – Dir.
Water Quality & Env.
Compliance

F. Mark Schubert
Manager Business Performance

Patrick Piet
Field Operations Manager

Matt Lucecki
Sr. Project Manager

Beverly Hori
Operations Supervisor

Admin. Assistant

Water Quality Representative

Operations Engineer

Operations Specialist

Operations Specialist

Operations Engineer

Project Engineer

Customer Service Clerk

Monica No
Operations Manager

Dean Lefler
Operations Supervisor

GIS Technician

Customer Service Representatives (2)

Louie Romero
Operations Supervisor

Foreman

Utility Workers (7)

Pump Operators (4)

Operations Specialist

Meter Readers (4)

Equipment Operators (2)
Transition Plan – Acquisition Integration
California American Water has a very active and robust Acquisition Integration Program. The Acquisition Integration team in California is led by Ed Simon, Director of Business Performance. Our Acquisition Integration team meets and corresponds on a regular basis to coordinate transition teams and activities to achieve success. Listed below is a summary of a transition plan that would safeguard the interest of all stakeholders, and would provide a seamless transition to customers.

Our plan addresses all activities necessary to ensure the continued operation of the system during changeover, including those necessary to meet regulatory and licensing requirements, and those contributing to the highest levels of water quality and customer service.

Our plan is founded on four principles:

- Maintaining or improving quality of service.
- Developing a collaborative operating strategy.
- Implementing a maintenance strategy.
- Communicating and reporting.

California American Water would provide the operational resources, technical support, and management services necessary to complete a smooth transition.

Transition Team - California American Water would establish a transition team consisting of highly experienced managers, support personnel and corporate resources. The team includes resources from operations, human resources, information technology, health and safety, customer service, environmental, and legal teams. Most of these resources are located in our Southern California Division offices which would allow for quick response to issues if they were to arise.

Transition Process - The transition process consists of three main segments:

- Post Award though contract execution;
- Post contract execution through voter and regulatory approval; and
- Closing and post-closing activities.

Post Award through contract execution - During this period, the following activities would be managed by the various California American Water functional group leaders in order to address all necessary technical, customer service and legal activities required to bring about an executed purchase and sale agreement. We assume the City would work directly with our team to ensure clear and exact communication and actions that will include the following:

- Contract negotiation.
- Asset evaluation.
- Customer education and communication.
- Customer service setup and customer systems transition.
- Capital asset planning and review.
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- Environmental planning and review, including permit management.
- Regulatory and Legal communications and filings.
- Emergency plan updates.
- Contract execution

**Post contract execution through voter and regulatory approval** – California American Water has a well-documented track record of achieving successes in an often arduous regulatory environment. Two key components – voter approval ("Referendum Activities") and California Public Utilities Commission ("CPUC") approval ("Regulatory Approval") are essential to achieving a successful transition. Activities that would address these key components are as follows:

- Referendum Activities
  - Work with the City to develop a voter education plan.
  - Assist the City in public outreach to customers to listen and to explain the referendum.
  - Meetings with key local stakeholders.
  - Public information campaign in coordination with the City.
- Regulatory Approval
  - Soon after successful negotiation of a definitive contract, California American Water would correspond with the CPUC to begin the approval process. CPUC approval is required for California American Water to provide service to this area and for approval of all rates to be charged.
  - After voter approval is received and contract is executed, formal filing would be made with the CPUC.
  - California American Water would expect the City to support our efforts in this application.

**Closing and post-closing activities** – California American Water utilizes a comprehensive acquisition integration checklist tool which assigns specific actions to functional leaders to ensure that customer service levels and technical compliance remain high. Specific actions required to finalize the transition process are as follows:

- Customer Records Transfer
  - Meeting between Company and City Information Technology staff to discuss transfer of information – approximately three months before closing.
  - Transfer program written by Company.
  - Initial transfer of data.
  - Testing of data.
  - Final transfer of records at closing.
- IT Review
  - Inventory of all computer equipment.
  - Verification of software licenses.
  - Verification of back up procedures – to ensure no loss of data before closing.
- Closing Activities
  - Preparation of closing documents.
Final inspection of facilities.
Closing and transfer of money.
Establish payment locations within City.
Send customer information letters.
Train customer service representatives at the American Water Customer Service Center on the critical elements of Bellflower MWS system: rates, geographic areas, contact information, etc.

• Turnover of the facilities
  • Meet with or notify the different interest groups affected prior to the Acquisition Date, such as Division of Drinking Water ("DDW"), CPUC, Metropolitan Water District, Central Basin Watermaster, and other utility service providers in the vicinity.
  • Transfer utilities by closing date.
  • Contact vendors to ensure adequate supply of chemicals and other materials before closing.

• Equipment
  • Inspect all equipment included in the acquisition shortly after the referendum has been approved by the voters.
  • Inspect all equipment included in the acquisition within two weeks of the acquisition date.
  • Inventory spare parts and materials.
  • Order necessary materials for operation at time of closing.

• Permits
  • Notify the DDW of the change in ownership of the water system.

• Operation and Maintenance
  • California American Water’s security standards will be applied to Bellflower’s facilities within a reasonable time frame.
  • California American Water will provide telephone customer service, toll-free, through American Water’s 24/7 Customer Service Center.
  • In order to provide on-demand customer responsiveness, California American Water’s field customer service personnel would receive their scheduled work from the American Water Call Center using laptops mounted in their trucks using a radio connection.

• Emergency and Contingency Plan
  • Review existing plans.
  • Work with Bellflower and other emergency responders to ensure proper communication channels.
  • Revise plans.
  • Train personnel.
3. Price Proposal

Price Proposal

Purchase Price. California American Water is pleased to propose a purchase price ("Purchase Price") in the amount of seventeen million dollars ($17,000,000.00), subject to the contingencies and exceptions identified below, for the purchase of the Bellflower MWS assets as described in Exhibit A of the RFP.

Proposal Contingencies

Proposed Future Rates. To ensure future financial and operational viability of the acquired system after the close of the acquisition, this Proposal assumes an initial rate stay-out from the transaction close until 12/30/20. A future agreement to purchase the Bellflower MWS would be conditioned on California American Water's ability to propose rate changes for the acquired system through the company's next regularly scheduled general rate cases under the CPUC's rate case plan (e.g., with new rates effective January 1, 2021). A five-year rate stay-out may be contrary to the CPUC's statutory duty to set just and reasonable rates for customers, as well as the CPUC's obligation to review in a general rate case the utility's operations and set rates that balance investment, conservation, and affordability. (See CPUC Water Action Plan).

Moreover, we expect our approach to have essentially the same effect as a rate stay-out because under our approach, on 1/1/21 customers would come onto our rates, which are currently lower than the City's. While the rates will change between now and 2021, when comparing typical use at 10 and 15 CCF, California American Water's rates as compared to our CPUC-regulated peers in the Los Angeles Metropolitan Area are even more competitive. But most importantly, our proposal of a two-year versus five-year rate stay-out would allow for a less-encumbered inclusion of Bellflower MWS's low income customers into California American Water's Low Income Ratepayer Assistance Program, as this program requires a small surcharge on non-low-income customers' bills within a participating service area.

Assistance to Bellflower's Low Income Customers. Pending approval by the CPUC, low income households would qualify for reduced rates through our Low Income Ratepayer Assistance Program ("LIRAP"). This program grants a 20% discount to qualified low income households on the monthly fixed meter charge and volumetric charges for Tier 1 and Tier 2 consumption. Impact of the proposed rate increases to low income customers would be substantially mitigated by LIRAP.

Consolidation With Existing Tariff Groups. California American Water has been successful in gaining California Public Utilities Commission ("CPUC") approval for the consolidation of recently acquired water and wastewater systems in California. The Proposal assumes the CPUC would similarly approve a consolidation of Bellflower's MWS with California American Water's Southern Division.
4. Customer Service - Overview, Organization, and Operations

*California American Water*

**Corporate Expertise.** California American Water is a well-established regulated water and wastewater utility in California and has a proven track record of quality performance. Our dedicated employees provide high-quality and reliable water and wastewater services to our six service districts in California. Our exclusive business in California is the ownership and operation of water and wastewater systems that provide reliable service to residential, commercial and industrial customers.

California American Water is committed to delivering high-quality service to our water and wastewater customers while concurrently protecting our environment and public health. We conduct thousands of water quality tests each year, monitoring quality at every phase of the water treatment process.

Our team of professionals works around the clock to monitor, maintain and upgrade facilities that serve our communities to ensure that they operate efficiently and meet ever-changing federal and state regulatory standards. This requires significant investment in infrastructure, including treatment plants, pump stations, wastewater collection and potable water distribution infrastructure.

**California Operations**

California American Water owns and manages six CPUC-regulated districts in California and serves a population of over 630,000 people in the Counties of Los Angeles, San Diego, Ventura, Monterey, Sacramento, Placer, Yolo, and Sonoma. California American Water employs nearly 300 professional staff and water industry tradespersons. California American Water provides potable water service to approximately 175,000 customer connections and wastewater service to over 2,700 connections within its regulated district operations in California. Summaries of each district are provided below.

**Los Angeles District.** California American Water’s Los Angeles District serves the communities of San Marino, Rosemead, Duarte, and Baldwin Hills. The Los Angeles District serves approximately 29,832 customer connections through nearly 340 miles of pipeline. The District source of supply is from both groundwater from the Main and Central San Gabriel Basins and purchased water from the Metropolitan Water District (MWD.)

**San Diego District.** California American Water’s San Diego District serves approximately 21,777 connections in the communities of Coronado, Imperial Beach and parts of San Diego through approximately 175 miles of pipeline. The San Diego District’s source of supply is purchased water from MWD.

**Ventura District.** California American Water’s Ventura District serves approximately 21,281 customer connections is portions of Thousand Oaks, including Newbury Park and Los Vientos Ranch, and portions of unincorporated Ventura County, including Las Posas Estates through over 256 miles of pipeline. The Ventura District’s source of supply is from MWD purchased through Calleguas Municipal Water District.
Monterey District. California American Water’s Monterey District serves potable water to approximately 40,826 customer connections the Cities of Monterey, Sand City, Seaside, Del Rey Oaks, and Pacific Grove, plus the areas of unincorporated Monterey County including Carmel Valley, Ryan Ranch, Hidden Hills, Toro, Pasadera, Ambler, and Chualar through over 600 miles of pipeline. The Monterey District also provides wastewater service to nearly 2,500 customers in the communities of Las Palmas Ranch, Carmel Valley Ranch, Spreckels, Indian Springs, Oak Hills, Pasadera, White Oaks, and Village Green. The District’s water supply is from various sources including non-adjudicated groundwater, groundwater from the adjudicated Seaside Basin, pre-1914 rights on the Carmel River, Sand City Desalination Plant, and additional rights on the Carmel River secured through an aquifer storage and recovery program. California American Water is in process of permitting one of the largest desalination plants to be proposed in California. This plant would supply potable water to the Monterey Peninsula communities to offset State-imposed diversion limits on the Carmel River.

Sacramento District. California American Water’s Sacramento District provides water service to approximately 60,048 customers in Sacramento and Placer Counties through over 620 miles of pipeline. Source of supply in the Sacramento district is both from groundwater and purchased water through Placer County Water Agency. The Sacramento District also provides wastewater service to 243 customer connections in the Town of Dunnigan.

Larkfield District. California American Water’s Larkfield District serves potable water to approximately 2,374 customer connections in the community of Larkfield-Wikiup through nearly 35 miles of pipeline. Larkfield’s source of supply is both from groundwater and purchased water through Sonoma County Water Agency.

Emergency Response Plan. California American Water’s Los Angeles District has a written Emergency Response Plan (ERP), which is to be used by staff in the event or threat of an unexpected or catastrophic loss of water supply. The ERP consists of detailed action items to address the following emergency scenarios that have the potential to result in a catastrophic loss of water supply:

- Bomb threat.
- Chemical storage.
- Chemical/Hazardous material release.
- Dam and Levee Failure,
- Destruction/Failure of any part of the water system.
- Evacuation.
- Fire/Explosion.
- Medical emergency.
- Power failure.
- SCADA system attack (electronic/data).
- SCADA system attack (physical).
- Severe weather/Natural disasters.
- Sheltering-in-place.
- Terrorist/Hostile attack.
- Threat and identification of contamination to the water system.
- Unauthorized entry.
- Workplace violence.

**American Water**

California American Water is a subsidiary of American Water Works Company, Inc. ("American Water"), a Delaware corporation, the largest and most geographically diversified publicly-traded, U.S. water and wastewater utility company, as measured by both operating revenue and population served. This year, American Water is celebrating 130 years of delivering high quality services to customers. Founded in 1886 as the American Water Works & Guarantee Company, it was reorganized in 1935 under its current name. In 1947 the common stock of American Water began publicly trading on the New York Stock Exchange under the ticker symbol “AWK”. More than 6,400 American Water employees provide approximately 15 million people with drinking water, wastewater and other water-related services in over 30 states and two Canadian provinces.

**Member - Dow Jones Utility Average.** In 2014, American Water became the first water utility ever to be honored by being added to the Dow Jones Utility Average (DJUA). The DJUA is a 15 member index that represents the stock performance of large, well-known U.S. companies within the utilities sector.

**Member - S&P 500.** On March 2 of 2016, it was publicly announced that American Water was named to the Standard & Poor’s 500 Index ("S&P 500"). The S&P 500 is the finance and investment industry’s primary standard for ranking the top 500 companies in the United States.
American Water has two operating segments, one of which consists of 20 locally-managed utility subsidiaries, like California American Water, whose rates are regulated by the states in which they operate. The map below illustrates the distribution of these services by state. American Water's regulated subsidiaries operate in approximately 1,600 communities in 19 states. The company's primary operating assets, substantially all of which the company owns, include approximately 90 surface water treatment plants, 600 groundwater treatment plants, 1,200 groundwater wells, 60 wastewater treatment facilities, 1,300 treated water storage facilities, 1,300 pumping stations and 100 dams and 49,000 miles of mains and collection pipes.

American Water's service operation and maintenance responsibilities include water supply and treatment; transmission mains; distribution systems; high- and low-lift pump stations; ground reservoirs; water towers and tanks; and the installation, repair and reading of water meters. For wastewater services, American Water provides operation and maintenance of treatment plants utilizing a variety of technologies, including zero effluent discharge, pressure sewers and collection systems, pump stations and reuse.

As noted above, American Water has also provided water and wastewater operation and maintenance contract services to the public sector—for more than 60 years. Since 1992, American Water's contract operations services to the public sector have been directly
provided by its Contract Services Group, a wholly owned operating subsidiary dedicated to performing operation and maintenance and design-build-operate contracts. Through public-private partnerships, American Water has accepted responsibility for a wide range of facilities, from large treatment plants rated at 200 million gallons a day to systems designed for small residential communities, with terms extending up to 50 years. Clients have included federal, regional and municipal entities.

Obviously, the range of management responsibilities for the utilities American Water operates varies with the size and specific parameters of each system. These diverse facilities have provided American Water operators and process experts with thorough experience in the operation and maintenance of every possible type of treatment technology. In order to successfully offer these services, American Water brings a community of in-house water and wastewater professionals and experts — managers, engineers, operators and scientists — who share their knowledge and information developing and implementing corporate-wide best operating practices.

5. Capital Investment — Philosophy and Practice,

California American Water

Investing In Our Communities. We intend to invest capital prudently to enable us to continue to provide essential services to our regulated water and wastewater utility customers. Investing in our infrastructure is critical to our mission of serving our customers quality and reliable water and wastewater service.

We have a strong and ongoing commitment to investing in infrastructure and keeping it updated and we are committed to delivering excellent service that our customers depend upon at an exceptional value. In California alone, we have invested over $300 million since 2010 to improve service to our customers. Every year, we deliver system improvements to the communities we serve — from extending water and sewer mains to upgrading plant equipment. These investments will help us continue to provide quality water and wastewater service. To keep customers up to date on project progress, we post regular updates at www.californiaamwater.com.

American Water

With its significant national infrastructure footprint, American Water’s corporate resources provide significant benefits for our communities and customers.

Infrastructure Investment. American Water estimates that it will fund capital investments of over $1 billion per year on its owned systems over the next five years. This capital improvement program includes both the replacement of existing infrastructure as needed and construction of new facilities to meet environmental requirements or system growth.

Maintaining the reliability of the pipes in the company’s water distribution and wastewater collection systems is a key activity of American Water’s engineering and planning divisions. Main renewal programs are ongoing in all states in which the company’s regulated
subsidiaries operate. These programs consist of both rehabilitation of existing mains and replacement of mains that have reached the end of their useful service life.

**Process Design.** American Water’s involvement in water and wastewater projects includes the development of project requirements, drafting potential solutions, evaluating alternatives, establishing a project budget and performing preliminary design work. American Water takes an active role in defining design criteria for all of its new facilities, or existing facilities that require modification, testing new technologies and leading-edge treatment processes and design.

**Engineering.** American Water’s centralized corporate planning and engineering division lays the foundation for the capital expenditures of American Water’s regulated subsidiaries. American Water engineers have handled a wide variety of system evaluations, selecting treatment processes and establishing critical design criteria for water and wastewater treatments systems in order to improve operations and prioritize capital improvements. Examples include modifications to water and wastewater facilities, installation of water system transmission mains, well drilling programs, cleaning and lining of distribution mains, pump station and lift station additions and improvements, sludge handling facilities, and automation of facilities for improved operations and remote monitoring.

**Consolidated Purchasing.** Beginning in 2004, American Water formed a central group of purchasing professionals to work with our operations, engineering and other functional departments to implement the principles of strategic sourcing. In the past twelve years, American Water customers have realized measurable benefits from leveraging the scale of our purchasing across the company.

**Research and Development.** American Water offers significant in-house research and development capabilities. Belleville, Illinois, is home to our state-of-the-art quality control and research laboratory. Established as a formal research and development program in 1981, the Belleville lab has been dedicated to improving water quality and the effectiveness of water and wastewater operations. Research and development personnel are also located at our headquarters in Voorhees, New Jersey and our research laboratory in Delran, New Jersey. Since its inception, our research and development program has evolved to become an industry-leading research program, achieving advancements in the science of drinking water, including sophisticated water testing procedures and desalination technologies.

6. **Personnel Management**

**Personnel Qualifications and Proficiencies.** California American Water requires that all personnel are qualified and proficient at performing their assigned duties. For example, our water and wastewater treatment and distribution operators are required to maintain current and valid licensure through the State of California. Our engineers are qualified and duly licensed professional engineers (P.E.)
**Personnel Training.** California American Water is committed to continuous improvement of its workforce and provides for ongoing training opportunities to employees at all levels. California American Water employees receive training, both mandatory and voluntary, though a number of educational programs implemented by the Company. For example, all California American Water employees are required to satisfactorily complete safety training on an annual basis. American Water also provides online training via its website-based learning center. Employees can view mandatory training assignments via their online accounts as well as complete the training within the same convenient web-based module. In addition to in-house training, California American Water offers a generous tuition reimbursement package for employees who satisfactorily complete qualifying courses of study.

**Personnel Policies.** California American Water has executed multiple personnel policies and to effectively guide its staff in achieving compliance with both internal and external regulations, law, and requirements. Employees have convenient access to Company policies via our website-based personnel policies library. A list of some of these policies is included below:

- Drug Policy.
- Code of Ethics Policy (including workplace conduct, anti-harassment, and anti-discrimination).
- Communications and External Affairs Policy
- Enterprise Risk Management Policy
- Financial Reporting Policy.
- General Accounting Policy.
- Compensation and Benefits Policy.
- Leaves of Absence Policy.
- Recruitment and Staffing Policy.
- Separation of Employment Policy.
- Talent and Performance
- Time, Attendance and Paid Time Off Policy.
- ITS Governance Policy
- ITS Operations Policy
- ITS Security Policy
- Sensitive Information Security Policy
- Delegation of Authority
- Personal Securities and Insider Trading Policy
- Related Person Transaction Policy
- Affiliate Transaction Procedures
- Capital Policy
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**Displaced City Employees.** Per addenda and clarification provided by the City, California American Water does not anticipate that any City employees would be displaced due the proposed acquisition.

**Other Personnel Matters.** Within the last five years, California American Water has not had any significant workers compensation issues, and has not been the subject of a dispute or strike by organized labor. Additionally, California American Water has not, within the past five years, been convicted of a felony or misdemeanor, or had claims from jurisdictions where it currently operates or been cited by a local, state or federal agency with respect to any personnel management matter.

7. **Customer Relationships – Billing, Conservation, and Recordkeeping**
   **Informed Customers.** California American Water provides convenient access to customers’ billing information and rate structure. An example of a typical water bill and full explanation of the bill’s key elements is included in Appendix E.

   **Conservation Programs.** California American Water is fully committed to its continued implementation of water conservation best management practices (“BMP”) in all service districts. We have been successful in executing our plan to comply with the governor’s directive to reduce water consumption by 20 percent by 2020. Our dedicated conservation team provides regular public outreach events to help educate our customers of available BMPs. Informative mailers are included with our regular customer billings.

   **Recordkeeping.** Our customer service center has immediate access to customers’ billing information, consumption and other pertinent data via our integrated SAP managed database to assist customers in a highly responsive and efficient manner.

8. **Exceptions to the RFP**

   a. **CPUC Approval.** This Proposal, including all conditions, contingencies and exceptions, and any subsequent asset purchase agreement between California American Water and the City are subject to regulation by, and contingent upon approval by, the CPUC.

   b. **Comprehensive Due Diligence.** California American Water would have an opportunity to complete comprehensive due diligence including, but not limited to, completion of phase 1 environmental assessments for all properties to be acquired prior to entering into an asset purchase agreement with the City.

   c. **City Designated Easement for High Capacity Well Site.** This proposal is contingent upon the City agreeing to grant California American Water, at closing and at no additional cost, an easement at the High Capacity Well site for suitable access and operation of the facility.
d. **Two-year versus five-year rate stay-out.** This Proposal is contingent upon the City accepting the proposed two-year rate stay-out period as described in the Price Proposal and Proposal Contingencies included above.

e. **Cash Reserve and Accounts Payable.** California American Water proposes to pay an additional dollar for dollar amount in exchange for cash reserves that would be transferred to the Company at closing. California American Water would pay an additional $0.90 per dollar for verified accounts payable to the City for valid customer debts that would be transferred to the Company at closing. Accounts payable with less than one year remaining prior to expiration due to the State of California statute of limitations shall be deemed uncollectible and would not be included in the accounts payable balance. California American Water assumes the City would continue to pursue collection of its accounts payable through the close of sale.

f. **Future Wheeling Agreement with Bellflower-Somerset MWC.** This Proposal is contingent upon Bellflower-Somerset Mutual Water Company agreeing to reasonable terms and consideration for a future water wheeling agreement that would allow for the continued service of Bellflower MWS customers by the High Capacity Well.
APPENDIX A

California American Water
Acquisition Management Team Qualifications
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City of Bellflower
Proposal for the Purchase of the Municipal Water System

Robert MacLean,
President, California American Water

Robert MacLean has served as President of California American Water since April of 2009 and President of Hawaii American Water since November of 2011. Mr. MacLean joined American Water in 1999. Prior to his current position, he was the director of Field Operations for New Jersey American Water, serving approximately 2.5 million people. Prior to joining New Jersey American Water, Mr. MacLean served in various other roles within the American Water organization. He worked for American Water's market-based business, serving as vice president of Contract Operations. In this role, Mr. MacLean was responsible for managing more than thirty large contract operations and directed approximately 750 employees in both the United States and Canada. He was responsible for drinking water production to over 4 million people through several of the company's largest and most sophisticated treatment facilities and for wastewater services to 1.8 million people.

In March 2013, Mr. MacLean was elected to the California Chamber of Commerce board of directors. In July 2012, he was elected to the board of directors of the National Utilities Diversity Council ("NUDC"), a national non-profit organization focusing on the growth of diversity in the utilities industry. He also serves on the board of the National Association of Water Companies ("NAWC").

Ed Simon,
Director of Business Performance,
California American Water

Ed Simon is California American Water's Director of Business Performance. Mr. Simon is responsible for managing and reporting key performance metrics and overall state of the business. Most notably, Ed also very effectively manages California American Water's Acquisition Integration Program. Ed is responsible for coordinating all functional groups within California American Water and our parent company American Water to achieve a timely and organized transition of all newly acquired water and wastewater systems in California and Hawaii.

Ed joined the California American Water team January 2010 as Vice President of Operations where he was responsible for directing the day-to-day operations and maintenance for our California and Hawaii regulated utility service, which serves over 185,000 water and wastewater service connections. He has more than 20 years of customer service, operation support and operations experience.

Ed’s tenure with American Water began February 2001. He has held a number of key positions with American Water including Call Handling Supervisor, Business Services Liaison, Missouri American Operations Manager and Director, Customer Relations. At Missouri American Water, he worked in the St. Louis County Operations, one of the largest districts in American Water. Ed managed the districts field service, meter reading and customer service support functions. He developed and implemented American Water’s Central States Customer Relations Team with expanded responsibility to the Western Division.

Prior to joining American Water, Ed held various management positions in the property/casualty insurance industry. He earned a Bachelor of Arts in Organizational Studies degree from Fontbonne University.
Rich Svidland, P.E.* (*Georgia and Kentucky)
Vice President of Operations, California American Water

Rich Svidland is a Professional Engineer with 24 years of experience in the water and wastewater fields working both as an engineering consultant and an owner. He currently serves as a Vice President and Director of Engineering for California American Water and Hawaii American Water with overall responsibility for the planning, design and construction of over $400M in capital projects. His areas of expertise include civil, sanitary, structural, mechanical and hydraulic design, preparation of contract documents, and construction management for all types of water and wastewater projects.

Mr. Svidland spends over 60% of his time on two large Design-Build projects on the Monterey Peninsula. These projects are the Carmel River Reroute and San Clemente Dam Removal project which is an $83M project that ultimately removes a silted dam and restores fish passage and the Monterey Peninsula Water Supply Project which is a $277 to $320M project to replace over 70% of the service area’s water supply with a new 9.6 or 6.4 MGD desalination plant, over 20+ miles of main, increased ASR capacity and potentially a groundwater recharge component.

Prior to these projects, he also worked for Kentucky American Water and the Southeast Region of American Water where he served as a Technical Lead and was a part of the company’s Dam Center of Excellence group. Rich was named the 2003 Engineer of the Year in Industry by the Kentucky Chapter of the American Society of Civil Engineers. He received his Bachelor of Civil Engineering from Georgia Tech and a Master of Science in Civil Engineering from the University of Kentucky.

Tom Brunet, P.E., R.A.
Vice President, Business Development, California American Water

Tom Brunet currently serves as Senior Manager of Business Development for California American Water Company. Mr. Brunet is the responsible lead for achieving company growth through the acquisition of water and wastewater systems in California and Hawaii. Tom formerly served as Senior Operations Engineer for California American Water’s Monterey District where he managed large capital projects including the Monterey Phase 1 Aquifer Storage and Recovery Project and the Toro Arsenic Removal Facility.

Prior to Joining California American Water, Tom served as a department director responsible for forward planning, due diligence, and land acquisition in the homebuilding industry. Tom has served as vice chair on the Planning Commission, as well as the General Plan Steering Committee for the City of Wheatland, California. He is an active member of the California Water Association, the North State Building Industry Association and has previously served on the Site Selection Committee for HomeAid.

Tom holds a Bachelor of Science degree in civil engineering from California State Polytechnic University, San Luis Obispo. He is a licensed professional engineer, a registered architect, and a licensed Water Treatment Plant Operator (Level T2) in the State of California.
City of Bellflower
Proposal for the Purchase of the Municipal Water System

Deana L. Donohue, P.E.
Vice President, Engineering, California American Water

Deana Donohue is Vice President of Engineering for California and Hawaii American Water where she currently leads the planning, permitting, design and implementation of over $90 million in water and sewer infrastructure projects annually.

Deana has been active in the water resources engineering profession for over 20 years; five years ago joining the team at California and Hawaii American Water. Deana is a registered professional civil engineer in the State of California. She received a Bachelor of Science in Civil Engineering from San Jose State University and holds a Master of Science in Civil Engineering from Sacramento State University.

Deana specializes in water resource system analysis and infrastructure design. She has designed and managed a multitude of water and sewer capital improvement projects including large-scale pipelines, pump stations, and storage facilities. Notable projects include the Upper Northwest Interceptor Sections 5 and 6, Lower Cascade Canal/Banner Cascade Pipeline Project, and the Town of Windsor Water Master Plan, in the State of California.

Deana is an active member of the Sacramento Chapter of the American Public Works Association (APWA) where she served as the Chapter’s president in 2008. Deana has continued her role as 2008 Past President and is currently serving on the National APWA Water Resources Committee.

F. Mark Schubert, P.E.
Manager of Capital Assets and Planning, California American Water

F. Mark Schubert (Mark) is the Manager of Capital Assets and Planning for California American Water and Hawaii American Water. Mark is responsible for: 1) supervising and managing capital planning activities on a state-wide basis; 2) managing asset planning on a state-wide basis; and 3) providing rate case support and testimony as an expert witness on capital project planning in Hawaii and California. Mark also manages the delivery and implementation of capital projects in California American Water’s Southern Division. Mark has also served as the liaison contact for federal, state, and local regulatory agencies on a regional basis to ensure compliance with all state and federal regulations.

Mark has been active in the water resources engineering profession nearly 38 years; and joined the team at American Water in 1987. Mark specializes in water resources infrastructure planning. He has been intimately involved in the development of Comprehensive Planning Studies (CPSs) for a number of subsidiary water companies of American Water Works Company, Inc., namely for Hawaii, California, Connecticut, New York and Pennsylvania. As part of the CPS process, Mark has performed the following with regard to water systems: 1) analyzed and presented customer and demand projections; 2) examined the need for additional source of supply; 3) evaluated the need to upgrade and renovate existing water system facilities; 4) addressed existing and proposed water quality and treatment standards; 5) analyzed the water system transmission, distribution and storage needs; 6) identified facility needs; and 7) presented the capital improvement plan to address these facility needs. With regard to wastewater systems, Mark has performed the following: 1) analyzed and presented customer and demand projections; 2) evaluated the need to upgrade and renovate existing wastewater treatment facilities; 3) addressed existing and proposed discharge and effluent treatment standards; 4) analyzed the wastewater system’s collection and pumping needs; 5) identified facility needs; and 6) presented the capital improvement plan to address these facility needs.
City of Bellflower
Proposal for the Purchase of the Municipal Water System

Mark has also been responsible for the implementation and overall management of a multitude of water and sewer capital improvement projects including large-scale pipelines, pump stations, and distribution storage facilities. Notable example projects include: Roseville Road Tank and Booster Station in Sacramento; Cook-Riolo Tank and Booster Station in Sacramento, Segunda Tank No. 2 in Monterey, Hollister Street Transmission Main Replacement in San Diego; Replacement of the Olympiad Booster Station in Los Angeles; and several wastewater collection main relining projects in our Hawaii Kai system.

Mark is a registered professional civil engineer in the State of Hawaii, plus seven other states, including California, Massachusetts, Washington, Oregon, New Jersey, New Mexico, and Idaho. He received a Bachelor of Science in Civil and Environmental Engineering from Clarkson University, Potsdam, New York, and holds a Master of Science in Civil Engineering from Northeastern University, Boston Massachusetts.

Mark is an active member of the American Water Works Association (AWWA) and the American Society of Civil Engineers (ASCE).

Matthew (Matt) Lasecki, P.E.
Sr. Engineering Project Manager, California American Water

Matt Lasecki is Senior Engineering Project Manager for California and Hawaii American Water where he currently manages the planning, permitting, design and implementation of multiple capital improvement projects in Hawaii and California.

Matt has been active in the water resources engineering profession for over 22 years, thirteen years ago joining the team at American Water. Matt is a registered professional civil engineer in the State of California and Hawaii. He received a Bachelor of Science in Civil Engineering Purdue University and holds a Master of Science in Environmental Engineering from the University of Illinois.

Matt specializes in water and wastewater system planning and infrastructure design. He has been managing capital projects for American Water in California since 2005. These projects have included wastewater pump station upgrades, force main, sewer lining, and wastewater treatment plant upgrades. While in consulting, prior to joining American Water, he was an integral member of engineering teams that designed pumping stations, wastewater plant upgrades, forcemain and gravity sewer.
APPENDIX B

Acknowledgement of Addenda to the RFP
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ADDENDA RECEIPT CONFIRMATION FORM

Municipal Water System Purchase

Please fax this form upon receipt of addenda to the City Clerk's Office:

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: (562) 804-1424, Ext. 2222
Fax: 562-925-8660
Email: mochiqui@bellflower.org

ADDENDUM #: DATE ADDENDUM AVAILABLE:

No. 1 - May 19, 2016
No. 2 - May 24, 2016

On behalf of California American Water, I acknowledge receipt of Addendum No. 1 dated 5/19/2016,
and Addendum No. 2 dated 5/24/2016.

(Please Print Name) 6/6/2016
Date

Authorized Signature

V.P. Business Development

Title

California American Water

Purchaser Name
Section 7 Required Forms

ADDENDA RECEIPT CONFIRMATION FORM

Municipal Water System Purchase

Please fax this form upon receipt of addenda to the City Clerk's Office:

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: (562) 804-1424, Ext. 2222
Fax: 562-925-8660
Email: mochiqui@bellflower.org

ADDENDUM #: DATE ADDENDUM AVAILABLE:

________________________________________
No. 3 - May 25, 2016

________________________________________


[Signature]
V.P. Business Development
Purchaser Name

Revised: May 24, 2016
Addendum No. 2
APPENDIX C

Key Operations Personnel Resumes
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Garry M. Hofer
308 17th Street
Seal Beach, CA 90740
(562) 754-1190
Email: garryhofer@mac.com

Summary of Qualifications

Twenty-eight years of experience in the Southern California water industry, including both wholesale and retail water agencies, public and investor-owned entities, and groundwater and surface water providers. Experience in all facets of the industry, including high-level management, water operations, multi-million dollar budget oversight, rate-making processes, media relations, marketing strategies and public outreach programs. Outstanding leadership qualities and the ability to develop and maintain solid working relationships within a staff, an organization and the surrounding community.

Employment History

American Water (2008)

Director of Operations (October 2012 to present)
Responsible for overall oversight of San Diego, Los Angeles and Ventura county water systems, totaling roughly 70,000 service connections and a population of 180,000. Manager 90-member staff, $25.0 million capital budget and $54.9 million operating budget. Notable recent achievements include:

- In 2013, the Southern California division achieved a 98.2 percent capital budget expenditure ($5,438,237 against a budget of $5,536,739) of the operations-controlled “recurring budget” portion of the division’s capital budget.
- Achieved 2013 maintenance performance to 100 percent of annual goal: replaced 6,317 meters; maintained 1,114 fire hydrants; exercised 1,969 valves. Work was completed entirely with internal union staff.
- Completed 2013 with 4,203 unscheduled overtime hours against a budget of 4,344, 96.8 percent of budget, representing the first time the division had met its overtime goal in more than 10 years.
- Ended 2013 with no union labor grievances and two successfully negotiated union contracts.
- Ended 2013 with no Southern California Notices of Violation.

Operations Manager (August 2008 to October 2012)
Responsible for operation of three Los Angeles-area water systems, totaling 28,000 service connections and a population of 105,000. Manage 45-member staff, $8 million capital budget and $17.6 million operating budget. Notable achievements include:

- Reduced total purchased water costs from $5.1 million in 2010 to $3.1 million in 2011. This was achieved through a combination of sustained pumping from the district’s groundwater wells and continued exploration into lesser-cost water lease options. The resulting savings of $2 million was a direct dollar-for-dollar benefit to the district’s residential customers.
Resume of Garry Hofer (continued)

- Reduced 2011 non-scheduled overtime by 414 hours over the prior year, resulting in a decade-long low of 1,866 hours.
- Achieved $10.7 million net income to retained earnings, meeting the Los Angeles district’s 2011 plan and increased net income by a half million compared to same period in 2010.
- Achieved district’s safety goal in 2011, with only a single California OSHA recordable injury, and compliance goal, as 2011 concluded with no Notices of Violations in the Los Angeles district.
- Ended 2011 with no union labor grievances.

External Affairs Manager (February 2008 to August 2008)
Direct all external public relations functions for the Southern California region of the country’s largest investor-owned water utility. Territory includes Thousand Oaks, Los Angeles and San Diego. Serve as company spokesperson and liaison to local elected bodies, city officials and the community.

Southwest Water Company Utility Group (2000 to 2008)

Director of Communications (October 2000 to February 2008)
Direct all public relations functions of nationwide company: media relations; government and community relations; publicity, promotional and marketing strategies; web site development; publications. Serve as company spokesperson. Notable achievements include:

- Garnered public support to ward off unjust condemnation attempt by local water authority at New Mexico subsidiary. Efforts included corporate branding, media placement and advertising campaign, public forums and community empowerment strategies.
- Spearheaded crisis communications/possible mandatory water rationing campaign dealing with a 92 percent loss of groundwater source of water supply. Generated sympathetic media coverage surrounding issue.
- Participated in successful lobbying effort and passage of AB 2838, which provides interim rate relief for companies governed by the California Public Utilities Commission.
- Developed focus-group study and collateral material, and implemented program offering a houseline warranty for at-risk homeowners.
- Managed reevaluation and restructuring of internal and external communications, including web site, publications, charitable giving and customer relations programs.

The Metropolitan Water District of Southern California (1985 to 2006)

Media Services Manager (May 1999 to October 2000)
Responsible for Metropolitan’s key public relations components: media relations activities; publications; and web site development. Notable achievements include:
Planned and implemented strategic mass media campaign during a $3 billion reservoir construction project, including a dedication event that brought favorable media coverage from around the world.

- Spearheaded a national media campaign, seeking a waiver from the U.S. Environmental Protection Agency to remove the harmful chemical MTBE from gasoline.
- Quelled disapproving media attention after Metropolitan internal audit found the district’s Diamond Valley Lake project to be from $215 to $500 million over budget.
- Created a message-driven web page, www.mwdh2o.com, on a restricted four-month deadline. Efforts included locating and transferring internal staff, creating appropriate content and working without a budget.
- Managed a staff of 18 professional editors and writers, media relations specialists, graphic designers, artists, photographers, computer programmers and support personnel.
- Developed and implemented a broad-based communications strategy that stresses the importance of a reliable, high-quality, equitably priced water supply to California.

Manager of Publications (February 1997 to May 1999)
Responsible for molding the aesthetic and editorial message of all printed materials produced by the district. Notable achievements include:

- Developed mechanism to produce Metropolitan publications simultaneously in printed, on-line and CD ROM formats.
- Garnered the International Association of Business Communicators’ highest publications award a record three consecutive years.
- Trimmed an annual publications budget from $1.5 to $1.1 million while increasing publications.
- Developed a process to streamline printer and designer contracts to avoid red tape and procurement snags.

Senior Public Affairs Representative (February 1990 to January 1997)
Chiefly served as editor for Aqueduct, a quarterly four-color external feature magazine targeted to 35,000 “opinion leaders” throughout California; and Focus, a bimonthly two-color external newsletter addressing water issues of a more immediate nature. Notable achievements include:

- Created first on-line publications for Metropolitan as it entered the world of the web.
- Created photo and writer internship programs that provided a launching pad for student interns and increased community recognition for Metropolitan.
- Conducted readership audits for all Metropolitan publications.
Public Affairs Representative (April 1987 to February 1990)
Staff writer. Wrote feature-length articles requiring extensive research, interviewing and writing skills.

Public Affairs Assistant (October 1985 to April 1987)
Staff writer. Composed feature and news articles.

Keystone Automotive Industries, Inc. (June 1984 to October 1985)

Publications Specialist
Responsible for introducing corporate communications concepts for this small, national company. Notable achievements include:

- Developed corporate identity—created newsletter, designed logo, reported and photographed news and feature events. Responsible for all art and print direction.
- Introduced the concept of media pitching, developing contacts and news releases.

Education

Chapman College, Orange
Graduate studies in creative writing

University of La Verne
Bachelor of Arts, 1984
Journalism major with emphasis in public relations

Affiliations and Certifications
- Member, Raymond Basin Board of Directors
- Member, San Gabriel River Committee Board of Directors
- Member, California Water Association.
- Past Member, Main San Gabriel Watermaster Board of Directors
- Former President, board of directors, Hurst Ranch Historical Center
- Member, American Water Works Association
- Water Treatment certification level II
- Water Distribution certification level II
MONICA NA
503 S. Fuller Ave, Los Angeles, CA 90036
Cell: (916) 599-7730 Email: monicahna@gmail.com

PROFESSIONAL PROFILE
Results-driven leader with demonstrated skills at coordinating multiple projects; team building; and developing tools and products to drive efficiency, effectiveness, and regulatory compliance in a pressured environment.

PROFESSIONAL EXPERIENCE
CALIFORNIA AMERICAN WATER
Manager of Operations (August 2015 –) Rosemead, CA
• Support existing contract operations sites, including evaluations and troubleshooting, and implementation of new technical solutions or best operating practices.
• Conduct due diligence and evaluate data / information, prepare operational plans and strategies, develop and/or review operational budgets

HENSEL PHELPS
Field Engineer (December 2014 – June 2015) Irvine, CA
• Performed project layout and dimensional accuracy for United Terminal Project at LAX, interpreted plans and specifications, communicated and established control lines for crafts and subcontractors, enforced job-wide safety, and tracked and reported daily job production.

CALIFORNIA AMERICAN WATER
Senior Manager of Rates (April 2011 – March 2014) Sacramento, CA
• Immediately cleared backlog of 49 advice letter filings within first 6 months of promotion to position
• Identified and documented key processes in department; and implemented process improvements to ensure regulatory compliance and produce higher quality filings with fewer errors, reducing the percentage of departmental filing errors requiring redress by 35% in the first year and approaching 0% in 2013
• Created regular reporting of issued compliance items and filings
• Built new team of 3 financial analysts who support finance, rates and regulatory functions, strategic investment decisions, rate related filings before the California Public Utilities Commission (Commission); created an accelerated course of training and development tailored to each individual
• Lead high-profile IT project converting billing system from ECIS to SAP for California American Water: stewarded and ultimately secured Commission approval of rate design changes and billing changes for a tariffed area with $50M in annual revenues and high visibility prior to go-live; managed team of 7 financial analysts dedicated to testing 200+ rate categories; elevated all rate and billing issues to all levels of the organization, outside consultants, and served as the primary liaison for problem resolution and rate tariff interpretation
• Provide economic, statistical and other analyses in support of rate filings
• Drafted testimony and testified before the Commission

Manager of Water Conservation and Efficiency (January 2010 – March 2011) Coronado, CA
• Ensured compliance with the Public Utilities Commission (CPUC) and California Urban Water Conservation Council (CUWCC) by preparing timely filings for 2012-2014 Rate Case Testimony, Minimum Data Requirement Responses, Data Request Responses, CPUC Annual Reports, and Monterey-VCWMD Program Reports; and clearing a backlog of CUWCC reporting for all districts as far back as 2003 for three districts
• Exceeded annual performance targets for 20x2020 water conservation goals of reducing average consumption
• Met financial performance target for 2010 (statewide Conservation program expenditures within 5% of budget)
• Successfully managed contracts totaling $2.24 million
• Created an environment of open communication and transparency among Conservation staff by creating a monthly operational report; developing a shared folder; instituting regular meetings for the whole Conservation group and subgroups; distributing reporting to staff on a monthly basis; and inviting all to share in open dialogue
• Supported, trained and coached Conservation staff
HARVEY M. ROSE ASSOCIATES, LLC

Senior Analyst (October 2007 – January 2009) San Francisco, CA

- Performed audit analysis for a wide range of government clients and functions. Project experience includes process mapping and billing and collections analysis of proof of payment, citations for the San Francisco Metropolitan Transportation Agency; staffing analysis, caseload analysis, and review of internal management of a Public Defender’s Office in a large County (pop. 800,000)
- Annual budget analysis for the City and County of San Francisco for budgets totaling $486 million and the County of Santa Clara for budgets totaling $302.6 million

RESEARCH AND CONSULTING CENTER, GOVERNMENT FINANCE OFFICERS ASSOCIATION

Consultant/Analyst (January 2006 – September 2007) Chicago, IL

- Project team support with progressively deeper management and product development responsibilities on over a dozen ERP (enterprise resource planning) systems procurement contracts.
- Managed and developed future RCC publications, which totaled $700,000 in revenue in fiscal year 2007.

OFFICE OF THE MAYOR, CITY OF CHICAGO

Mayoral Fellow (November 2004 – September 2005) Chicago, IL

- Directed nine departments’ management accounting methods in executive project to implement performance management citywide. Facilitated interdepartmental information and communications

EDUCATION

UNIVERSITY OF CHICAGO, IRVING B. HARRIS SCHOOL OF PUBLIC POLICY, MPP, Concentration in Public Finance and International Policy, 2002-2004

UNIVERSITY OF CALIFORNIA, BERKELEY, BA with honors, Sociology, 1998-2002

YONSEI UNIVERSITY, SCHOOL OF INTERNATIONAL STUDIES, SEOUL, KOREA, 2000-2001

SPECIAL SKILLS/ CERTIFICATIONS/ PERSONAL

Professional Certifications: Water Distribution Operator Grade 2; OSHA 30; HAZWOPER Levels 1 and 2; First Aid/CPR; Green Belt Six Sigma, February 2009, Villanova University; CPR

Computer Skills: Microsoft Excel, Word, PowerPoint, Project, Access, Visio; Econometric Modeling (STATA), GIS; basic JDE, E-CIS, SAP

Languages: Fluent English; Proficient Spanish and Korean; Conversational Dutch

Activities: Eating, hiking, biking, making furniture
Timothy J. Miller

Water utility executive with almost 20 years' experience with California and federal environmental regulation, strong communication skills and business acumen, and record of working on cross-functional teams to achieve organization objectives.

EMPLOYMENT

California-American Water; Director, Environmental Compliance; 2013 – Pr.

- Manage a team of 11 people responsible for ensuring the Company complies with State and federal drinking water quality regulations as well as pollution prevention and environmental protection laws in operating 36 water and wastewater systems composed of over 214 major facilities. Responsibilities include annually collecting over 15,000 water quality samples; filing over 2,000 regulatory reports; managing staff performance; and developing and meeting budgets.

- Oversee implementation, training, monitoring and reporting for the federal Safe Drinking Water Act and its implementing regulations; the California Safe Drinking Water Act and its implementing regulations; the federal Clean Water Act's National Pollutant Discharge Elimination System (NPDES) and Spill Prevention, Control and Countermeasures (SPCC) program; California's Porter-Cologne Water Quality Act; the federal Clean Air Act and implementing regulations; California's Mulford-Carrell Air Resources Act, including local air quality management district rules and permits adopted pursuant to that Act; the federal Resource Conservation and Recovery Act (RCRA) and its implementing regulations; the California Hazardous Waste Control Act and its implementing regulations; the federal Emergency Planning and Community Right-To-Know Act; California's Hazardous Materials Release Response Plans and Inventory law; California and federal underground petroleum storage tank regulations; and the California Aboveground Petroleum Storage Tank Act.

- Enhanced the Company’s Environmental Management Plans using ISO 14001 principles to improve accountability for implementing over 1,763 different regulatory requirements; designed hazardous waste management program; developed various compliance plans, SOPs and training programs to ensure compliance with environmental regulations.

- Reduced regulatory inspection deficiencies by 99 percent in two years through a rigorous pre-inspection program.

California-American Water; Corporate Counsel/Director, Env. Compliance; 2007 – 2013 (Coronado, CA)

- Manage a docket of over 40 simultaneous matters mixed between civil litigation, administrative proceedings, transactions and advisory matters.

- Provide Company Board and officers with legal, risk management anc compliance advice and reports; assist with corporate governance activities including board meetings.

- Work with a team of procurement staff, engineers and executives on various agreements including settlement agreements, professional services, commercial office space, real estate acquisition, operating leases, capital projects and equipment purchases.

- Assist in implementation of contract review processes; work with staff to design internal legal services processes.

- Represent the Company in various legal proceedings from administrative hearings up to the Court of Appeal.
Managed outside counsel budget, including 3 consecutive years of below-budget expenses through negotiated discounts and effective use of internal staff.

Monitor worker's compensation and insurance defense matters, including compliance with subpoenas.

Office of the San Diego City Attorney, Deputy City Attorney, 2005 – 2007 (San Diego, CA)

- Provided legal services to the various City departments, including Environmental Services, Metropolitan Waste Water, General Services, Engineering and Capital Projects, and Purchasing.

- Review RFPs for Purchasing Department and advise on terms and conditions of various procurements; advise on compliance with various contracting regulations.

- Represented the City before the Regional Water Quality Control Board (RWQCB) regarding multiple stormwater issues.

- Provided general municipal legal services: drafted and reviewed contracts for public works projects and procurements; drafted amendments to the Municipal Code; advised on compliance with the City Charter, Municipal Code, and internal regulations; Assisted in compliance with the California Public Records Act; and drafted resolutions and ordinances for City Council action; Appeared before the City Council on various contracts and litigation.

Extended Employment History and References Available Upon Request

LICENSING AND EDUCATION

- California Bar No. 192154, admitted December 7, 1997
- University of the Pacific, McGeorge School of Law; Sacramento, CA; J.D., May 1997; Honor Society
- California State Polytechnic University Pomona; Pomona, CA; B.S., Economics, 1994
My position and responsibilities as the Customer Service Supervisor for California-American Water at the state level are: 1) Supporting and standardizing business processes for the State, 2) representing California when new enterprise business processes are being developed, 3) responsible for CPUC customer complaints and customer service data reporting, 4) liaison for customer survey performance data, 5) involved in customer data for new acquisitions, and 6) ensure that escalated customer complaints are addressed to provide feedback and coaching to various departments, 7) strive towards continuous customer service excellence, business performance, efficiencies, and accountability. I have 31 years of service with California-American Water all in the area of customer service, and 29 years of supervisory experience.

Experience/Skills:

- Business performance and customer service liaison for California, customer care centers, and operational customer relations team.
- Responsible for California Public Utilities Commissions customer inquiries, complaints, and customer reporting data for California.
- Continuous standardization, communication of customer service procedures, and training of employees with the support of operational managers, supervisors, engineers, and front line employees.
- Participated as a train the trainer in three enterprise software conversions, and two call center conversions.
- Managed California’s back office support for the state, which included service order management and meter management.
- Managed field and administrative customer service personnel for Los Angeles and Ventura County districts, included meter readers and field customer service employees.
- Knowledgeable in customer billing, collections, meter reading and meter reading schedules, resolution of escalated customer service issues, business processes, and customer survey performance.
- Knowledgeable in customer service accounts receivable reconciliation.
- Knowledgeable in SAP, Orcom, JDE, Power Point, Data General, Excel, Word, and Lotus Notes
- Water conservation coordinator for Los Angeles Division and Ventura District in the late 1980’s.
- Participate in community events and town hall meetings for the Southern Division districts.

Accomplishments:

- Water for People and Healthy Solutions coordinator
- Change Agent for National and Western Region Customer Service Call Center Conversions.
- Ideas into action communicator for the Customer Service Functional Group.
Employment:

California-American Water Company
Operations Supervisor II, Customer Service, California  
Rosemead, California  
2014 - Present

California-American Water Company
Operations Superintendent, Customer Service, California, New Mexico  
Marino, California  
2004 - 2014

Operations Supervisor, Southern Division  
2000 - 2004

Customer Service Supervisor,  
Los Angeles and Ventura County  
1997- 2000

California-American Water Company
Customer Service Superintendent, Ventura County  
Newbury Park, California  
1990 to 1997

Customer Service Supervisor, Ventura County  
1987 to 1990

Customer Service Clerk, Ventura County  
1985 to 1987

Education:

California State University
Bachelor of Arts, Business and Nutrition  
Los Angeles, California  
1979

Certifications:

State of California, Department of Health Services  
Water Distribution Operator – Grade 1 and Grade 2

Affiliations:

American Water Works Association, California-Nevada Section  
Past Member of the Customer Service Activities Committee

Recognitions:

1986 Employee of the Year for the Ventura County District
LOUIE ROMERO
1918 Paseo La Paz, Pomona, 91768
Cell: (626) 712-8340 Email: louie.romero@amwater.com

PROFESSIONAL EXPERIENCE
CALIFORNIA AMERICAN WATER

Operations Supervisor, Production & Distribution, LA District (April 2009 – present) Rosemead, CA
- Responsible for all distribution and production activities in LA system
- Supervisory responsibilities for water operators pump operators, maintenance technicians, and general maintenance workers
- Schedules, directs and/or participates in review and evaluation of staff and equipment performance related to water systems
- Involved in establishing and managing personal relationships and rapport with political, civic and key stakeholders within LA service area
- Participates in the preparation of Operations and Maintenance Budgets; as well as Capital Recurring Projects Budget. Reviews and approves projects.
- Coordinates vendors and contractors, ensures proper services are provided, and performs inspections of work.
- Maintains work records and preventative maintenance records and prepares various reports as assigned.
- Directs and performs plant equipment maintenance functions and other related functions assigned or as they become apparent.

- Responsible for all operations and distribution in LA system
- Manages water distribution field crews, including meter replacement, hydrant and valve maintenance programs, etc. Also guides leak repair and service replacement crews
- Manages the district’s inventory, including monitoring, implementing inventory safeguards and overseeing annual inventory reconciliations. Ensures controls are in place
- Acts as lead local inspector for small main projects as needed and in coordination with the company’s engineering department
- Acts as liaison to pipeline contractors for emergency or scheduled contracted work
- Participates in the on-call supervisor rotation.
- Manages all scheduling and execution of the year’s maintenance programs, including meter change-outs, valve exercising, fire hydrant maintenance, etc
- Acts as staff lead in the district’s CMMS programs
- Conducts field inspections, ensuring that all safety guidelines are followed
- Conducts similar supervisory work as called upon to perform, and any other work as necessary

- Small Pipeline Foreman
- Utility Worker II
- Utility Worker I
- Laborer

MILITARY EXPERIENCE
UNITED STATES MARINE CORPS
Corporal (April 1975 – April 1978)

EDUCATION
SIERRA VISTA HIGH SCHOOL, High School Diploma, June 1972

SPECIAL SKILLS/ CERTIFICATIONS
Professional Certifications: Water Distribution Operator III, California-Nevada Section of AWWA
Dean P. Lefler  
9302 Sparklett St  
Temple City, Ca 91780  
(626) 378-4120

Summary of Qualifications

Thirty years' experience within California American Water. Experience includes all facets in the field, supervisor of large pipeline jobs, public relations, committee leadership and participation, and management duties.

Job History

California American Water, 1986-present

- Operations Supervisor
  - Supervisor of FSRs, Meter Readers, Stock Clerk and Front office.
  - Fleet Maintenance. Scheduling repairs, inspection and filing of Vehicle Inspection Reports, ordering and or retirement of fleet vehicles. Monthly reporting for Mileage Log and 525A.
  - Customer Service complaints and insurance claims.
  - New Service Installations, Fire and Domestic, Meter Inquiries and Water Quality orders for field.
  - Fire Flow recording and reporting.
  - Fire Department, California Highway Patrol and Hazardous Materials inspections, documentation and reporting. Yearly updating to Hazardous Material Inventory and Business Plans.
  - Los Angeles Division Safety Coordinator. Maintaining records for Tailgate Meetings, HSC Meetings, all accidents, workers comp and near misses. Monthly reporting for SSP Dashboard. CDL driver compliance and recording.
  - Monthly Non Revenue Water and Outage Reports.
  - Large Meter Testing Program.
  - Meter Ordering and Inventory.
- Interim Operations Foreman
- Backhoe Operator
- Substitute Pumper- all three districts for one month
- Back Up Pumper in Duarte- two years
- Pipefitter/Construction Crew- three to four years
- Gate Valve Operator- two years
- Meter Reader- 1986-87

Education

- High School Diploma. Water Technology Courses

Certifications

- USC Certified Cross Connection Specialist
- USC Certified Backflow Prevention Assembly Tester
- Certified Backhoe Operator
- Water Distribution Operator, Level D4
- Water Treatment Operator, Grade T2 – Passed T3 in 2014 – Unable to hold T3 grade to not enough yearly time spent in production and no production employees in my org chart. I have three years from pass date to obtain if possible.
City of Bellflower
Proposal for the Purchase of the Municipal Water System

APPENDIX D
Example of Customer Billing
Your Bill (Sample)
This sample bill describes the charges that appear on customer bills in your service area. Please see below for information about how to read your California American Water bill.

Customer Contact Information
1. For Service To: address of property receiving water service.
2. Customer name and billing address.

Billing Period and Meter Readings
Your account details, including billing date, billing period, next meter reading or about date, and type of rate you are charged. Our meters are read in increments of 100 cubic feet approximately once every 30 days. All customers are billed in 100-gallon increments.
   - 100 cubic feet = 1 Unit
   - 1 Unit = 748 Gallons

In this example, a 9-unit bill will be billed based on 67.32 hundred gallons. (9 x 748 = 6,732/100 = 67.32).

This section reports information about your meter, its number, size and the number of units billed in the billing period. This meter number is associated with your property and records your water usage. In this portion, we provide a conversion into 100-gallon increments, labeled as "CGL" on your bill.

Total Water Use Comparison (in 100 gallons)
A comparison between your current usage versus your usage the same month the year prior, if available.

Billed Use Graph (100 gallons)
The bill use graph outlines your water usage during the past year.

Important messages from California American Water
We often include important notices and customer information in this section pertaining to rate information and other billing changes when they occur. We encourage you to read this to keep up with the programs we offer and any new projects we may have.

Questions About Your Bill: Contact Information for our 24-hour customer service center and our website address are conveniently located in one area. Please visit our website to access your account online, sign up for auto-pay option and read about our free conservation programs.

Customer Account Information
Your Account Number, Due Date and Total Amount Due are all easy to spot.

Payment
Detach this paystub and return with your payment. On this paystub, you will find the bill due date and total charges due. Please write the payment amount in the space provided.

Checks should be made payable to California American Water, and should always include your account number. The address on the front of this paystub must be visible through the window on the return envelope when the payment is mailed. Note: The return address as shown is not a California American Water company office or location, but a payment collection center. For office locations please visit our website at www.californiaamwater.com.

Billing Summary
Prior Balance: The amount owed in dollars from your previous bill along with any payment you may have made in the past billing cycle. This section will also show any unpaid balances or overpaid credits to go towards your next bill.

Current Water Service:
- Water Service Charge: A fixed service charge that corresponds with the size of your meter.
- Water Usage Charge: The volume-based charges are divided into four tiers with higher rates for higher than average levels of water use. Water usage is billed on a tiered billing structure to encourage water conservation. The water usage charge consists of a water base rate.
Other Charges: Additional surcharges authorized through advice letter filings and decisions from the California Public Utilities Commission (CPUC). Please see the section below to learn more.

**What are these surcharges listed separately on your bill?**
There are a number of surcharges that fund a wide variety of obligations associated with the Los Angeles system that are not included in the base rate.

**Note: Additional surcharges may appear upon authorization by the CPUC.**

- Conservation Surcharges: This surcharge funds various conservation initiatives and activities conducted by California American Water. The surcharge funds conservation programs and activities in Los Angeles, including California American Water’s rebate program – water-saving devices: residential, commercial, industrial and large landscape water surveys; program staff and school education programs. **This surcharge is $0.0030 per unit of water consumed.**

- WRAM Surcharges: “Water Revenue Adjustment Mechanism” - this surcharge makes up the difference between the California Public Utilities Commission’s (CPUC) authorized quantity revenue and the amount actually billed to customers during the calendar year.

  This surcharge was approved by the CPUC in order to allow utilities to recover losses in revenues due to lower consumption resulting from conservation rate designs. This concept is sometimes also referred to as “revenue decoupling.” The WRAM offsets any differences between authorized and actual billed quantity charge revenues for the Company.

  These surcharges cover under collections from 2007 through 2012. The expected period in which these collections will occur is determined by CPUC rules and can range from one to three years. California American Water is collecting most WRAM surcharges over three years.

- General Expense Balance Account Surcharges: This is a collection of balancing accounts that tracks the over collection or under collection of certain costs authorized by the CPUC. The General Expense Balancing Account is used to capture (or refund) under collections or refunds when there is an over collection, for items where the CPUC allowed California American Water to track differences in authorized costs versus costs actually incurred for future recovery. **Some of the specific items that are recovered through this surcharge are Interim Rate Balancing Account costs, purchased water costs and power costs.**

- Total Other Charges: This is the sum of all other charges for the billing cycle.

**Taxes:** California American Water collects various taxes such as city and utility taxes on behalf of public agencies and then remits those funds to the taxing authorities. California American Water must also collect franchise fees in most of its service areas for cities and unincorporated areas to allow for operations in public right of ways. This rate varies depending on the jurisdiction.

- County Franchise Taxes: A county fee levied on California American Water that gives businesses the right to be chartered and/or operate within that county.

- Commission Surcharges: This is a tax which funds our regulator. This tax is approximately 1.5% of your total bill.

- Total Taxes: This is the sum of all taxes for the billing cycle.

**Total Amount Due:** The total amount due is the total summary of charges of your entire bill, including any past due amount. This should be paid on or before the current bill’s due date.
APPENDIX E

Bid Bond
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WESTCHESTER FIRE INSURANCE COMPANY
436 Walnut Street
Philadelphia, PA 19106

Bond Number: 36623-ACE-16-01

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we

California-American Water Company
1033 B Avenue, Suite 200
Coronado, CA 92118

(hereinafter call the Principal) as Principal, and WESTCHESTER FIRE INSURANCE COMPANY, a
corporation duly organized under the laws of the State of Pennsylvania (hereinafter called the
Surety), as Surety, are held and firmly bound unto

City of Bellflower
16600 Civic Center Drive
Bellflower, CA 90706

as Obligee, hereinafter called the Obligee, in the sum of Ten Percent of Bid Amount
(10% of Bid Amount), for the payment of which sum well and truly to be made, the said
Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and
assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a bid for Purchase of the City of Bellflower’s
Municipal Water System

Now, therefore, if the Obligee shall accept the bid of the Principal within the period specified
therein, or, if no period be specified, within sixty (60) days after opening, and the Principal shall
enter into a contract with the Obligee in accordance with the terms of such bid, and give such
bond or bonds as may be specified in the bidding or contract documents with good and sufficient
surety for the faithful performance of such contract and for the prompt payment of labor and
material furnished in the prosecution thereof, or in the event of the failure of the Principal to enter
such contract and give such bond or bonds, if the Principal shall pay to the Obligee the penalty
hereof, then his obligation shall be null and void, otherwise to remain in full force and effect.

Signed and sealed this 27th day of May, 2016

Principal: California-American Water
Company

By: 

Surety: Westchester Fire Insurance Company

By: William G. Morrissey

Witness: Migdalia Otero
Witness: 

By: William G. Morrissey
POWER OF ATTORNEY

WESTCHESTER FIRE INSURANCE COMPANY

Know all men by these presents: That WESTCHESTER FIRE INSURANCE COMPANY, a corporation of the Commonwealth of Pennsylvania pursuant to the following Resolution, adopted by the Board of Directors of the said Company on December 11, 2006, to wit:

"RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into the ordinary course of business (each a "Written Commitment"):

(1) Each of the Chairman, the President and the Vice President of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise;

(2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such persons written appointment as such attorney-in-fact;

(3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments;

(4) Each of the Chairman, the President and Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification shall be by general type or class of Written Commitments or by specification of one or more particular Written Commitments;

(5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested.

Does hereby nominate, constitute and appoint Annette Leuschner, Francesca Papa, James P. Holland, Mariya Leonidov, Mgalia Otero, Terry Ann Gonzales-Selman, Theresa Giraldo, Vincent Moyer, William G. Morrissey, all of the City of NEW YORK, New York, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Seventy Five million dollars & zero cents ($75,000,000.00) and the execution of such writings in pursuance of these presents shall be as binding upon said Company as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice-President, has hereunto subscribed his name and affixed the Corporate seal of the said WESTCHESTER FIRE INSURANCE COMPANY this 11 day of May 2016.

WESTCHESTER FIRE INSURANCE COMPANY

[Signature]

Stephen M. Haney, Vice-President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

On this 11 day of May, A.D. 2016 before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came Stephen M. Haney, Vice-President of the WESTCHESTER FIRE INSURANCE COMPANY to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company, that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia this day and year first above written.

[Notarial Seal]

COMMONWEALTH OF PENNSYLVANIA

NOTARY SEAL
KAREN E. BRANDT, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Sept. 25, 2018

[Signature]

Karen E. Brandt, Notary Public

I, the undersigned Assistant Secretary of the WESTCHESTER FIRE INSURANCE COMPANY, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of the Corporation, this 11th day of May 2016.

[Signature]

William L. Kelly, Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER MAY 11, 2018.
CALIFORNIA ALL- PURPOSE
CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of New York }

County of New York }

On 5/27/2016 before me, Terry Ann Gonzales-Selman, Notary Public, (Place name and title of the officer) personally appeared William G. Morrissey, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public Signature: ____________________________ (Notary Public Seal)

My Commission Expires: 11/19/2016

TERRY ANN GONZALEZ-SELMAN
Notary Public, State of New York
No. 01G062/2513
Qualified in Kings County
Term Expires November 19, 2016

ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date __________

CAPACITY CLAIMED BY THE SIGNER

☐ Individual (s)
☐ Corporate Officer
☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other __________________________

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

☐ State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.

☐ Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.

☐ The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).

☐ Print the name(s) of document signer(s) who personally appear at the time of notarization.

☐ Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they- is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.

☒ The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.

☐ Signature of the notary public must match the signature on file with the office of the county clerk.

☐ Additional information is not required but could help to ensure this acknowledgment is not missed or attached to a different document.

☐ Indicate title or type of attached document, number of pages and date.

☐ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).

☐ Securely attach this document to the signed document with a staple.
WESTCHESTER FIRE INSURANCE COMPANY

FINANCIAL STATEMENT

DECEMBER 31, 2015

ADMITTED ASSETS

BONDS $1,607,005,888
SHORT-TERM INVESTMENTS 23,666,123
STOCKS 3,117
REAL ESTATE 0
CASH ON HAND AND IN BANK (68,986,083)
PREMIUM IN COURSE OF COLLECTION* 80,820,160
INTEREST ACCRUED 16,151,460
OTHER ASSETS 139,206,542
TOTAL ASSETS $1,797,867,225

LIABILITIES

RESERVE FOR UNEARNED PREMIUMS $203,506,626
RESERVE FOR LOSSES 848,505,624
RESERVE FOR TAXES 7,043,333
FUNDS HELD UNDER REINSURANCE TREATIES 5,739,389
OTHER LIABILITIES 1,696,960
TOTAL LIABILITIES 1,066,491,932

CAPITAL: 70,000 SHARES, $71.43 PAR VALUE 5,000,100
CAPITAL: PAID IN 301,430,636
AGGREGATE WRITE-INS FOR SPECIAL SURPLUS FUNDS 111,103,696
SURPLUS (UNASSIGNED) 313,840,891
SURPLUS TO POLICYHOLDERS 731,375,223
TOTAL $1,797,867,225

(*EXCLUDES PREMIUM MORE THAN 90 DAYS DUE.)

STATE OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

John Taylor, being duly sworn, says that he is Senior Vice President of Westchester Fire Insurance Company and that to the best of his knowledge and belief the foregoing is a true and correct statement of the said Company's financial condition as of the 31st day of December, 2015.

Sworn before me this March 22, 2016

Senior Vice President

Notary Public

My commission expires

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL

Diane Wright, Notary Public
City of Philadelphia, Philadelphia County
My Commission Expires Aug. 8, 2019
ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Monterey

On JUNE 6, 2016 before me, Edith K. Lemon, Notary Public
(insert name and title of the officer)

personally appeared ROBERT G. MACLEAN
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Edith K. Lemon (Seal)