

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF NET ASSETS

March 31, 2010

ASSETS

CURRENT ASSETS:

CASH IN BANK	\$ 686,622.25
PETTY CASH & CHANGE FUND	\$ 2,740.00
TEMPORARY INVESTMENTS	\$ 7,641,994.32
ACCOUNTS RECEIVABLE	\$ 1,176,543.64
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	\$ (82,000.00)
ACCRUED INTEREST RECEIVABLE	\$ 12,000.00
PREPAID EXPENSES	\$ (23,544.15)

TOTAL CURRENT ASSETS	\$ 9,414,356.06

NON-CURRENT ASSETS:

APX DEPOSIT	\$ 25,000.00

TOTAL NON-CURRENT ASSETS	\$ 25,000.00

RESTRICTED ASSETS:

SITE CLOSURE FUND	\$ 787,000.00
BOND RATE STABILIZATION FUND	\$ 500,000.00
ENVIRONMENTAL IMPAIRMENT FUND	\$ 1,000,000.00

TOTAL RESTRICTED ASSETS	\$ 2,287,000.00

FIXED ASSETS:

LAND	\$ 578,210.05
FACILITIES	\$ 17,712,763.82
EQUIPMENT	\$ 16,722,669.18
FACILITIES/EQUIPMENT - IN PROGRESS	\$ 184,805.36
MODULE DEVELOPMENT	\$ 6,372,141.85
MODULE DEVELOPMENT - IN PROGRESS	\$ 652,793.28
POWER PROJECT	\$ 8,167,126.02
POWER PROJECT - IN PROGRESS	\$ 29,544.93
LESS TOTAL ACCUMULATED DEPRECIATION	\$ (24,935,890.77)

TOTAL FIXED ASSETS	\$ 25,484,163.72

INTANGIBLE ASSETS:

PG&E POWER SALES CONTRACT	\$ 1,055,000.00
SITE MASTER PLAN	\$ 738,557.01
COST OF ISSUANCE - BONDS	\$ 431,966.49
LESS TOTAL ACCUMULATED AMORTIZATION	\$ (1,705,948.75)

TOTAL INTANGIBLE ASSETS	\$ 519,574.75

*** TOTAL ASSETS ***

\$ 37,730,094.53	
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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

STATEMENT OF NET ASSETS

March 31, 2010

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	\$ 181,697.38
ACCRUED STATE/COUNTY DISPOSAL FEE	\$ 111,017.50
ACCRUED VACATION/COMP CURRENT	\$ 200,541.98
DEFERRED REVENUE	\$ 5,334.63
LEASE PAYABLE - CURRENT	\$ 559,389.32
SALES/USE TAX PAYABLE	\$ 23,229.11
SECURITY DEPOSITS/GIFT CERT	\$ 2,185.00

TOTAL CURRENT LIABILITIES	\$ 1,083,394.92

NON-CURRENT LIABILITIES:

ACCRUED VAC/COMP NON-CURRENT	\$ 592,739.89
POST EMPLOYMENT HEALTH BENEFIT	\$ 41,000.00

TOTAL NON-CURRENT LIABILITIES	\$ 633,739.89

LONG TERM DEBT:

EQUIP LEASE PAYABLE - LONG TERM	\$ 1,037,069.42
ESTIMATED CLOSURE/POST CLOSURE COSTS	\$ 2,787,500.00
MRWMA PAYABLE - REVENUE BONDS	\$ 3,181,474.29

TOTAL LONG TERM DEBT	\$ 7,006,043.71

TOTAL LIABILITIES

\$ 8,723,178.52
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NET ASSETS:

CAPITAL ASSETS - NET OF DEBT	\$ 21,225,805.44
RESTRICTED	\$ 2,287,000.00
UNRESTRICTED	\$ 5,494,110.57

TOTAL NET ASSETS

\$ 29,006,916.01
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*** TOTAL LIABILITIES AND NET ASSETS ***

\$ 37,730,094.53
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	----- T H I S Y E A R -----			-RATIO-		----- L A S T Y E A R -----	
	THIS MONTH	YEAR TO DATE	ANNUAL BUDGET	MTH/BDG	YTD/BDG	THIS MONTH	YEAR TO DATE
* OPERATING REVENUES *							
TIPPING FEES REVENUE:							
MIXED WASTE	\$935,079.57	\$7,935,551.23	\$10,925,000.00	8.56	72.64	\$880,975.92	\$8,686,458.89
DEWATERED SLUDGE WASTE	\$53,527.20	\$608,345.49	\$1,200,000.00	4.46	50.70	\$98,601.30	\$757,467.25
LIQUID WASTE	\$46,519.65	\$145,297.35	\$0.00	0.00	0.00	\$36,177.30	\$79,524.90
GREENWASTE	\$74,592.50	\$565,817.76	\$745,000.00	10.01	75.95	\$59,714.53	\$493,484.62
TOTAL TIPPING FEES REVENUE	\$1,109,718.92	\$9,255,011.83	\$12,870,000.00	8.62	71.91	\$1,075,469.05	\$10,016,935.66
SALES REVENUE:							
LAST CHANGE	\$61,587.66	\$535,278.56	\$600,000.00	10.26	89.21	\$62,902.96	\$504,240.45
SAND	\$7,856.66	\$66,934.30	\$150,000.00	5.24	44.62	\$4,741.69	\$99,904.75
METAL	\$52,960.38	\$349,380.29	\$265,000.00	19.99	131.84	\$16,194.43	\$246,165.68
MULCH/COMPOST/SOIL	\$9,846.92	\$68,662.54	\$100,000.00	9.85	68.66	\$6,961.47	\$66,606.68
WOODCHIPS	\$17,591.21	\$149,715.75	\$200,000.00	8.80	74.86	\$16,941.74	\$152,601.46
CARDBOARD/MIXED CONTAINERS/PAPER	\$7,868.55	\$82,525.05	\$75,000.00	10.49	110.03	\$5,274.50	\$70,517.72
OTHER SALES	\$84.92	\$1,441.87	\$5,000.00	1.70	28.84	\$97.67	\$923.03
TOTAL SALES REVENUE	\$157,796.30	\$1,253,938.36	\$1,395,000.00	11.31	89.89	\$113,114.46	\$1,140,959.77
POWER PLANT REVENUE:							
POWER SALES	\$269,330.89	\$2,316,462.62	\$3,000,000.00	8.98	77.22	\$132,392.26	\$1,436,677.57
FEDERAL/STATE INCENTIVE PYMTS	\$0.00	\$107,792.00	\$75,000.00	0.00	143.72	\$0.00	\$71,697.10
TOTAL POWER PLANT REVENUE	\$269,330.89	\$2,424,254.62	\$3,075,000.00	8.76	78.84	\$132,392.26	\$1,508,374.67
OPERATIONAL SERVICES	\$1,350.00	\$31,911.36	\$30,000.00	4.50	106.37	\$5,770.88	\$35,834.50
HOUSEHOLD HAZ WASTE FEES	\$7,958.40	\$116,906.11	\$170,000.00	4.68	68.77	\$17,506.05	\$128,654.62
* TOTAL OPERATING REVENUES *	\$1,546,154.51	\$13,082,022.28	\$17,540,000.00	8.82	74.58	\$1,344,252.70	\$12,830,759.22
* OPERATING EXPENSES *							
SALARY EXPENSES:							
SALARY, WAGES	\$514,925.40	\$4,774,814.70	\$6,326,000.00	8.14	75.48	\$493,225.18	\$4,705,390.36
DEFERRED COMPENSATION	\$12,236.03	\$108,421.88	\$152,000.00	8.05	71.33	\$12,288.91	\$112,759.93
HEALTH INSURANCE	\$136,390.52	\$1,223,037.45	\$1,708,000.00	7.99	71.61	\$139,342.40	\$1,225,097.11
LTD/GROUP LIFE INSURANCE	\$15,637.20	\$139,287.72	\$200,000.00	7.82	69.64	\$14,844.52	\$137,426.55
MEDICARE/SOCIAL SECURITY	\$7,596.39	\$70,503.67	\$93,000.00	8.17	75.81	\$7,290.73	\$70,113.16
PERS	\$85,014.86	\$773,601.13	\$1,045,000.00	8.14	74.03	\$82,393.61	\$758,304.58
UNEMPLOYMENT INSURANCE	\$0.00	\$21,876.00	\$20,000.00	0.00	109.38	\$0.00	\$7,908.00
WORKERS COMPENSATION	\$25,210.25	\$389,354.24	\$582,000.00	4.33	66.90	\$43,343.67	\$396,834.02
TOTAL SALARY EXPENSES	\$797,010.65	\$7,500,896.79	\$10,126,000.00	7.87	74.08	\$792,729.02	\$7,413,833.71

	THIS MONTH	YEAR TO DATE	ANNUAL BUDGET	-RATIO- MTH/BDG	-RATIO- YTD/BDG	THIS MONTH	YEAR TO DATE	
	T H I S Y E A R		-RATIO- MTH/BDG		-RATIO- YTD/BDG		L A S T Y E A R	
	THIS MONTH	YEAR TO DATE	ANNUAL BUDGET	-RATIO- MTH/BDG	-RATIO- YTD/BDG	THIS MONTH	YEAR TO DATE	
NON-SALARY EXPENSES:								
AMORTIZATION & DEPRECIATION	\$203,502.89	\$1,844,481.43	\$2,400,000.00	8.48	76.85	\$197,045.69	\$1,813,874.24	
CLOSURE/POST CLOSURE COSTS	\$10,500.00	\$94,500.00	\$130,000.00	8.08	72.69	\$12,000.00	\$108,000.00	
CONTRACTUAL SERVICES	\$9,051.22	\$87,463.61	\$130,000.00	6.96	67.28	\$9,809.11	\$85,953.19	
DIRECTOR'S FEES	\$600.00	\$5,900.00	\$8,000.00	7.50	73.75	\$500.00	\$5,950.00	
ENVIRONMENTAL SERVICES	\$11,449.83	\$141,523.53	\$100,000.00	11.45	141.52	\$5,011.50	\$47,682.90	
GASOLINE, OIL & FUEL	\$22,682.39	\$348,806.28	\$550,000.00	4.12	63.42	\$9,366.02	\$359,939.59	
HAZARDOUS WASTE DISPOSAL	\$19,198.62	\$96,314.52	\$120,000.00	16.00	80.26	\$23,261.76	\$73,728.77	
INSURANCE	\$10,125.36	\$128,982.79	\$185,000.00	5.47	69.72	\$17,601.77	\$139,818.80	
OFFICE EXPENSE	\$4,687.06	\$44,221.00	\$100,000.00	4.69	44.22	\$7,276.15	\$52,757.43	
OPERATING SUPPLIES	\$6,513.22	\$84,159.03	\$115,000.00	5.66	73.18	\$2,778.50	\$79,363.28	
OTHER EXPENSE	\$609.70	\$7,992.90	\$20,000.00	3.05	39.96	\$1,639.44	\$21,255.95	
POWER PROJECT R&M	\$85,084.72	\$577,955.82	\$530,000.00	16.05	109.05	\$24,638.91	\$334,106.94	
PROFESSIONAL SERVICES	\$36,840.46	\$253,082.80	\$325,000.00	11.34	77.87	\$20,554.52	\$216,834.70	
PUBLIC AWARENESS	\$5,404.73	\$112,199.93	\$150,000.00	3.60	74.80	\$6,248.64	\$69,407.05	
RECYCLING SERVICES	\$23,598.82	\$238,792.13	\$370,000.00	6.38	64.54	\$20,778.66	\$301,306.61	
REPAIRS & MAINTENANCE	\$32,764.08	\$424,745.53	\$625,000.00	5.24	67.96	\$42,859.98	\$406,986.18	
SAFETY EQUIP/SUPPLIES/TRAINING	\$5,721.18	\$52,100.38	\$100,000.00	5.72	52.10	\$4,419.27	\$45,429.51	
TAXES & SURCHARGES	\$42,268.71	\$434,283.57	\$626,000.00	6.75	69.37	\$46,694.08	\$482,266.02	
TRAINING/MEETINGS/EDUCATION	\$10,780.65	\$38,056.21	\$60,000.00	17.97	63.43	\$9,551.40	\$35,759.25	
UTILITIES	\$3,962.30	\$30,888.32	\$52,000.00	7.62	59.40	\$3,833.03	\$34,914.61	
TOTAL NON-SALARY EXPENSES	\$545,345.94	\$5,046,449.78	\$6,696,000.00	8.14	75.37	\$465,868.43	\$4,715,335.02	
* TOTAL OPERATING EXPENSES *	\$1,342,356.59	\$12,547,346.57	\$16,822,000.00	7.98	74.59	\$1,258,597.45	\$12,129,168.73	
** OPERATING INCOME (LOSS) **	\$203,797.92	\$534,675.71	\$718,000.00	28.38	74.47	\$85,655.25	\$701,590.49	
* NONOPERATING REVENUES (EXPENSES-) *								
INTEREST INCOME	\$4,018.89	\$52,456.66	\$130,000.00	3.09	40.35	\$7,806.48	\$179,217.08	
RENTS & LEASES	\$4,305.93	\$56,896.28	\$88,000.00	4.89	64.65	\$4,276.00	\$56,652.72	
FINANCE CHARGES	\$1,327.25	\$17,033.21	\$15,000.00	8.85	113.55	\$2,276.55	\$18,171.41	
OTHER INCOME	\$3,000.00	\$6,673.85	\$5,000.00	60.00	133.48	\$167.77	\$2,829.32	
EQUIPMENT FINANCING - INTEREST	\$5,599.18	\$55,684.87	\$72,000.00	7.78	77.34	\$3,425.32	\$34,456.03	
SALE OF FIXED ASSETS	\$0.00	\$12,331.42	\$0.00	0.00	0.00	\$500.00	\$500.00	
REVENUE BONDS-INTEREST	\$21,660.60	\$194,945.64	\$245,000.00	8.84	79.57	\$26,252.30	\$236,270.62	
* TOTAL NONOPERATING REVENUES (EXPENSES-) *	\$14,607.71	\$105,239.09	\$79,000.00	18.49	133.21	\$14,650.82	\$13,356.12	
*** CHANGE IN NET ASSETS ***	\$189,190.21	\$429,436.62	\$639,000.00			\$71,004.43	\$688,234.37	
TOTAL NET ASSETS - BEGINNING	\$28,817,725.80	\$28,148,479.39						
TOTAL NET ASSETS - ENDING	\$29,006,916.01	\$29,006,916.01						

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Statement of Cash Flow

March 31, 2010

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 1,432,949.83
Cash Paid to Vendors / Suppliers	\$ (140,579.02)
Cash Paid to Employees	\$ (756,314.48)

Net Cash Provided (used) by Operation Activities	\$ 536,056.33

Cash Flows from Noncapital Financing Activities:

Rents and Leases	\$ 3,638.81
Central Coast Recycling Media Coalition	\$ 0.00
Grant Funds Activity	\$ 0.00
Other Nonoperating Receipts	\$ 2,987.00

Net Cash Provided (used) by Noncapital Financing Activities	\$ 6,625.81

Cash Flows from Capital and Related Financing Activities:

Acquisition and Construction of Capital Assets	\$ (363,348.75)
Proceeds from Lease Purchase Financing	\$ 0.00
Principal Paid on Bond	\$ (101,250.00)
Principal Paid on Lease Purchase Equip	\$ (31,914.28)
Interest Paid on Bond	\$ (21,660.60)
Interest Paid on Lease Purchase Equip	\$ (5,599.18)
Proceeds from the Sale of Capital Assets	\$ 0.00

Net Cash Provided (used) by Capital and Related Finance Activities	\$ (523,772.81)

Cash Flows from Investing Activities:

Interest Payments Received	\$ 1,346.14

Net Cash Provided (used) by Investing Activities	\$ 1,346.14

Net Increase (Decrease) in Cash and Investment Funds	\$ 20,255.47
Add Opening Cash and Investment Funds	\$ 10,598,101.10

Closing Cash and Investment Funds	\$ 10,618,356.57
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MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Statement of Cash Flow con't

March 31, 2010

Reconciliation of Operation Income (loss) to Net Cash Provided by Operating Activities:

Operating Income	\$ 203,797.92
Adjustments to Reconcile Operating Income to Net Cash:	
Depreciation and Amortization	\$ 203,502.89
(Increase) Decrease in Accounts Receivable	\$ (113,204.68)
(Increase) Decrease in Prepaid Expenses	\$ 127,835.22
Increase (Decrease) in Accts Payable & Accrued Exp.	\$ 114,124.98

Net Cash Provided (used) by Operation Activities	\$ 536,056.33

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Investment - Deposits

March 31, 2010

Local Agency Investment Fund Balance-Feb 28, 2010	\$ 9,778,994.32
Cash in Bank - First National - Feb 28, 2010	\$ 816,366.53
Petty Cash and Change Fund - Feb 28, 2010	\$ 2,740.00
CCRMC Fund - First National - Feb 28, 2010	\$ 0.25
Total Funds on Feb 28, 2010	\$ 10,598,101.10

Local Agency Investment Fund Balance-Mar 31, 2010	\$ 9,928,994.32
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Deposit Date: 07/01/79 (Initial Investment)
Maturity Date: Funds may be withdrawn as needed.
Interest Rate: Daily (0.577% for February 2010)

Cash in Bank - First National - Mar 31, 2010	\$ 686,622.00
Petty Cash and Change Fund - Mar 31, 2010	\$ 2,740.00
CCRMC Fund - First National - Mar 31, 2010	\$ 0.25
Total Funds on Mar 31, 2010	\$ 10,618,356.57

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Net Increase (Decrease) in Funds	\$ 20,255.47
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All investment actions executed in the latest report have been made in full compliance with the Investment Policy and there are adequate funds to meet budgeted and actual expenditures for the next six months for the District.

MRWMD CAPITAL OUTLAY & REDUCTION OF LONG-TERM DEBT REPORT FY 2009-2010

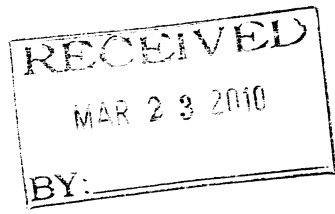
CAPITAL OUTLAY

EXPENDITURE DESCRIPTION	BUDGET	MAR 2010	FISCAL YEAR TOTAL	PERCENT OF BUDGET
CAPITAL OUTLAY - EQUIPMENT				
Capital Equipment Repair	\$150,000	\$0.00	\$51,331.42	34.22%
Woodline Upgrade	\$100,000	\$0.00	\$0.00	0.00%
Roll-Off Boxes	\$45,000	\$0.00	\$0.00	0.00%
Computer Hardware/Software	\$100,000	\$0.00	\$0.00	0.00%
Work Station Configuration for Accounting/MRF Supervisors/Safety/Shop)	\$7,500	\$0.00	\$0.00	0.00%
Site Vehicles (3) (replacement)	\$65,000	\$0.00	\$22,007.00	33.86%
CARB Compliance Particulate Filters - AB32	\$30,000	\$86,952.62	\$38,493.11	128.31%
Digital Borescope - LFG	\$40,000	\$0.00	\$0.00	0.00%
Jenbacher Liner and Piston Tool Set - LFG	\$18,000	\$0.00	\$0.00	0.00%
Replace Testco 350 Emissions Analyzer - LFG	\$10,000	\$0.00	\$11,340.00	113.40%
Replace 315L Excavator - MR09 - AB32	\$300,000	\$221,912.50	\$221,912.50	73.97%
SI15 1981 Water Truck - Planned replacement (AB32)	\$180,000	\$0.00	\$0.00	0.00%
Replace Aerial-lift - MR26 - AB32	\$70,000	\$0.00	\$66,732.50	95.33%
Replace 1996 DP40 Forklift - MR05 - AB32	\$60,000	\$0.00	\$0.00	0.00%
Miscellaneous Equipment	\$50,000	\$6,416.25	\$6,416.25	12.83%
TOTAL CAPITAL OUTLAY - EQUIPMENT	\$1,225,500	\$315,281.37	\$418,232.78	34.13%
CAPITAL OUTLAY - SITE IMPROVEMENTS				
MRF Capital Repairs	\$300,000	\$0.00	\$96,096.55	32.03%
Sliver Fill Construction / Final Cover	\$35,000	\$0.00	\$24,149.44	69.00%
Site Paving - Maintenance/Equipment Shop Area	\$25,000	\$0.00	\$0.00	0.00%
Upgrade Air Handling Unit - MRF	\$25,000	\$0.00	\$0.00	0.00%
Emergency Lighting for MRF	\$10,000	\$0.00	\$0.00	0.00%
Upgrade/Supplement Camera System on Site	\$35,000	\$0.00	\$0.00	0.00%
Site Safety Improvements	\$10,000	\$0.00	\$0.00	0.00%
Convert LFG Utility Cabinet Relays to Electronic	\$28,000	\$0.00	\$0.00	0.00%
Backup Generator for MRF	\$75,000	\$0.00	\$0.00	0.00%
Replace Phone System with Unified Communication	\$60,000	\$0.00	\$0.00	0.00%
Paint Administrative Building	\$25,000	\$0.00	\$0.00	0.00%
Upgrade Heat Transfer Loop LFG to MRF	\$30,000	\$0.00	\$0.00	0.00%
Landfill Gas Collection System	\$270,000	\$0.00	\$29,994.93	11.11%
Backup Gas Skid for LFG/New Gas Skid	\$0	\$48,067.38	\$53,567.18	N/A
LFG Overhead Doors	\$20,000	\$0.00	\$0.00	N/A
Unit 3: 1998 Jenbacher J320 (1 mW) 20,000 Hr	\$0	\$0.00	\$0.00	N/A
Unit 4: Jenbacher JGS 420 (1.4 mW)	\$0	\$0.00	\$1,720.00	N/A
Miscellaneous Facilities Improvements	\$30,000	\$0.00	\$0.00	0.00%
TOTAL CAPITAL OUTLAY - SITE IMPROVEMENTS	\$978,000	\$48,067.38	\$205,528.10	21.02%
TOTAL CAPITAL OUTLAY	\$2,203,500	\$363,348.75	\$623,760.88	28.31%

REDUCTION OF LONG TERM DEBT

PRINCIPAL PAYMENTS	BUDGET	MAR 2010	FISCAL YEAR TOTAL	PERCENT OF BUDGET
1998 Revenue Bonds	\$1,230,000	\$101,250.00	\$911,250.00	74.09%
2005 Equipment Purchase (D9 Bulldozer)	\$155,000	\$13,738.10	\$122,032.63	78.73%
2007 Equipment Purchase (836H Compactor)	\$215,000	\$18,176.18	\$161,592.04	75.16%
2008 Equipment Purchase (Jenbacher J420)	\$215,000	\$0.00	\$95,346.16	44.35%
TOTAL DEBT REDUCTION	\$1,815,000	\$133,164.28	\$1,290,220.83	71.09%

**STANDARD
& POOR'S**



One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 40087192

March 10, 2010

Monterey Regional Waste Management District
14201 Del Monte Boulevard
Del Monte, CA 93933
Attention: Mr. Don Prescott, Finance Information Systems Manager

Re: ***Monterey Regional Waste Management Authority, California, Integrated Waste Management Refunding Revenue Bonds (SPUR)***

Dear Mr. Prescott:

Standard & Poor's has reviewed the Standard & Poor's underlying rating (SPUR) on the above-referenced obligations. After such review, we have changed the rating to "AA-" from "A" while affirming the stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Mr. Don Prescott
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March 10, 2010

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

If you have any questions, or if we can be of help in any other way, please feel free to call or contact us at nypublicfinance@standardandpoors.com. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. We appreciate the opportunity to work with you and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
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cf
enclosure

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Credit Profile

Monterey Regl Waste Mgmt Auth integrated waste mgmt rfdg rev bnds

Unenhanced Rating

AA-(SPUR)/Stable

Upgraded

Many issues are enhanced by bond insurance.

Rationale

Standard and Poor's Rating Services raised its underlying rating (SPUR) on Monterey Regional Waste Management Authority, Calif.'s integrated waste management refunding revenue bonds series 1998A to 'AA-' from 'A', reflecting our view of the continued strong financial operations and liquidity. The outlook is stable.

The rating reflects our view of the authority's:

- Continued strong financial performance and liquidity; and
- Ample landfill capacity and limited capital needs in the future.

Partially offsetting the above is our view of the fact that 40% of the waste tonnage is self-haul waste and could be susceptible to leaving the system.

The bonds are secured by net revenues of the solid waste enterprise.

The Monterey Regional Waste Management Authority was formed in 1993 by a joint powers agreement among Monterey Peninsula communities, including Carmel-by-the-Sea, Del Rey Oaks, Marina, Monterey, Pacific Grove, Sand City, Seaside, and Pebble Beach. The Monterey Peninsula is located in Salinas County, about 120 miles south of San Francisco, and attracts tourists to its spectacular coast line, well-known aquarium, and golf courses. The combined population of the authority's service area is approximately 140,000. The authority has been dealing with waste flow declines, and has raised tip fees to make up for lower revenues. At the same time, the authority is enforcing its flow control rights under the joint powers agreement.

The current tip fee is \$46.25 per ton, up from \$45 per ton in January 2008. The increase in the tip fee is to help offset the loss of tonnage, which is being attributed to declining economic activity at Fort Ord, and possibly some waste leakage. The system's financial health remains in our view strong, with \$8 million in cash, or 205 days' cash on hand, at the close of fiscal 2008. According to the authority, net operating revenues have been sufficient to cover debt service by a comfortable margin at 1.92x based on 2008 numbers.

All principal is scheduled to be paid down by 2013, with level annual debt service of about \$1.5 million.

Outlook

The stable outlook reflects our view of the stability of the regional economy, coupled with flow control mechanisms, and Standard & Poor's expectation of continued good financial performance due to rate adjustments.

Related Research

USPF Criteria: Solid Waste System Financings, June 15, 2007

Long-term credit ratings

S&P rates borrowers on a scale from AAA to D. Intermediate ratings are offered at each level between AA and CCC (i.e., BBB+, BBB and BBB-). For some borrowers, S&P may also offer guidance (termed a "credit watch") as to whether it is likely to be upgraded (positive), downgraded (negative) or uncertain (neutral).

Investment Grade

- **AAA** : the best quality borrowers, reliable and stable (many of them governments)
- **AA** : quality borrowers, a bit higher risk than AAA
- **A** : economic situation can affect finance
- **BBB** : medium class borrowers, which are satisfactory at the moment

Non-Investment Grade (also known as junk bonds)

- **BB** : more prone to changes in the economy
- **B** : financial situation varies noticeably
- **CCC** : currently vulnerable and dependent on favorable economic conditions to meet its commitments
- **CC** : highly vulnerable, very speculative bonds
- **C** : highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
- **CI** : past due on interest
- **R** : under regulatory supervision due to its financial situation
- **SD** : has selectively defaulted on some obligations
- **D** : has defaulted on obligations and S&P believes that it will generally default on most or all obligations
- **NR** : not rated