

APPENDIX A

EXCERPTED PORTIONS OF THE SOUTH PLACER WASTEWATER AUTHORITY AUDIT

APPENDIX B-1

INFORMATION CONCERNING THE CITY OF ROSEVILLE WASTEWATER UTILITY

General

The City of Roseville ("Roseville" or the "City") is located in California's Sacramento Valley, near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City, with a population estimated to be approximately 126,835 as of January 1, 2013, is the largest city in Placer County as well as the residential and industrial center of the County.

The City has warm summers typical of central California, with an average July temperature of 77 degrees. Winter temperatures are moderate; the average January temperature is 46 degrees. The temperature drops below freezing an average of eight days per year. Rainfall averages 20 inches annually and falls mostly during the winter.

There is a wide variety of land uses within the City. Most of the City's residential neighborhoods are located west of Interstate Highway 80; industrial facilities, including Hewlett-Packard, TSI Semiconductors America and Consolidated Communications, are concentrated in the Northwest and North Central Roseville area.

Wastewater Utility

The City started developing its own wastewater collection and treatment system (the "City's Wastewater Utility") shortly after its incorporation as a city on April 10, 1909. Currently, the City's Wastewater Utility provides sewer service to 67,054 equivalent dwelling units. The Wastewater Fund, a separate enterprise fund of the City, accounts for the operations of the City's Wastewater Utility. See "Financial Information" below.

Governance and Management

The City is a charter city and operates under the council-manager form of government with a five-member City Council elected at large for staggered four-year terms. At each election, the council member receiving the most votes is appointed mayor pro-tempore for two years and becomes mayor for the final two years.

The City's Environmental Utilities Department is responsible for the operation and maintenance of the City's Wastewater Utility, as well as the City's water and solid waste utilities. The senior management of the City's Wastewater Utility consists of the following personnel:

EDWARD KRIZ, Director of Environmental Utilities. Mr. Kriz, as Director of Environmental Utilities, is responsible for the City's Wastewater, Water and Solid Waste Utilities and reports to the Assistant City Manager of the City. He has served the City in this capacity since November 2013. Prior to his current position, Mr. Kriz served as the Water Utility Manager in the City's Environmental Utilities Department for the previous 18 years. Mr. Kriz has a B.S. in Civil Engineering from the University of Missouri and a M.S. in Engineering Management from Santa Clara University. Mr. Kriz is a registered civil engineer with the State of California.

KENNETH GLOTZBACH, Wastewater Utility Manager. Mr. Glotzbach is responsible for managing the day-to-day operation of the City's Wastewater Utility and has served in this capacity since December 2010. Prior to assuming his current position, Mr. Glotzbach served the City's Wastewater Utility as a Senior Engineer managing various capital projects during the previous nine years. Mr. Glotzbach is also the Executive Director of the South Placer Wastewater Authority (the "Authority") and has served in this role since January 2013. Mr. Glotzbach is a registered civil engineer in the State of California and has an M.S. degree in Environmental Engineering from Purdue University.

JAY PANZICA, City Treasurer/Financial Executive. Jay Panzica recently began working for the City after working for the City of Ventura for almost nine years as Chief Financial Officer. Prior to his service with Ventura, Mr. Panzica worked with the City of Pasadena as the Director of Finance for Pasadena Water and Power. During his time with Pasadena, he served as Acting General Manager during the energy crisis in the early 2000's and was a long standing member of the finance committee for the Southern California Public Power Authority, which was responsible for many hundreds of millions of dollars of debt for power plant construction. Before beginning his career in municipal government, Mr. Panzica had a diverse career in private industry with senior financial positions in divisions of American Airlines, General Foods and Burroughs Corporation. He has an M.B.A. from Wayne State University and a B.A. from Michigan State University.

MONTY HANKS, City Finance Director. Mr. Hanks, as Finance Director of the City, is responsible for the accounting, budget, cash management/investment, payroll, utility billing and public finance aspects of the City. He has served the City in this capacity since January of 2014. Prior to assuming his current position, Mr. Hanks was Assistant Finance Director for the City. Mr. Hanks obtained both his M.B.A. in Finance and his undergraduate degree in Business Administration from CSU Sacramento.

Employees

As of June 30, 2013, the City had approximately 214 permanent full-time equivalent employees employed in the City's Environmental Utilities Department, including 14 full-time equivalent employees in wastewater treatment, 25 full-time equivalent employees in wastewater collection, 2 full-time equivalent employees in wastewater administration, 24 full-time equivalent employees in water/wastewater mechanical maintenance and electronics, 9 full-time equivalent employees in water/wastewater analysis and 2 full-time equivalent employees in recycled water. Substantially all of the non-management City personnel assigned to the City's Wastewater Utility are represented by Local 39 or the International Brotherhood of Electrical Workers ("IBEW"). Both contracts will expire on December 31, 2015. There have been no strikes or other work stoppages at the City, including at the City's Wastewater Utility.

Wastewater Facilities

The City's Wastewater Utility currently consists of the Dry Creek Plant, the Pleasant Grove Plant and a wastewater collection system. The Pleasant Grove Plant has a rated treatment capacity of 12 million gallons per day ("mgd") average dry weather flow and the Dry Creek Plant has a rated treatment capacity of 18 mgd average dry weather flow. Within the City, the two plants receive wastewater from over 700 miles of sewer mains. The City's Wastewater Utility treats all of the wastewater in the City at either the Dry Creek Plant or the Pleasant Grove

Plant, both of which it owns and operates. Currently, the City collects and treats approximately 10 mgd from Roseville. The Dry Creek Plant and the Pleasant Grove Plant also treat wastewater from the South Placer Municipal Utility District (“SPMUD”) and certain areas within the County of Placer through the South Placer Wastewater Authority (“SPWA”).

See “THE REGIONAL WASTEWATER SYSTEM” in the forepart of this Official Statement.

Wastewater Permits, Licenses and Other Regulations

The Dry Creek Plant operates under a National Pollutant Discharge Elimination System (NPDES) permit from the California Regional Water Quality Control Board (the “Regional Board”). The Regional Board adopted a renewal of the original discharge permit for the Dry Creek Plant on March 28, 2014 that will remain in effect for at least a five-year period, or until the Regional Board renews the NPDES permit. Some process modifications may be necessary to meet the requirements in the new permit for one component (nitrate). The scope of the changes is currently being assessed and, if needed, will be fully implemented within the next five years. Otherwise, the existing Dry Creek Plant facilities and operations provide the City with the capability of meeting the requirements of the permit. There have been no significant compliance issues with respect to these permits and regulations.

The Pleasant Grove Plant was designed to produce an effluent that allows for unrestricted reuse. The current discharge permit for the Pleasant Grove Plant was adopted by the Regional Board on March 28, 2014 and will remain in effect for at least a five-year period or until the Regional Board renews the NPDES permit. The existing Pleasant Grove Plant facilities and operations provide the City with the capability of meeting the requirements of the permit. There have been no significant compliance issues with respect to these permits and regulations.

Wastewater Service Area and Customers

The area served by the City’s Wastewater Utility consists of approximately 31.8 square miles (or 20,352 acres), including 67,054 equivalent dwelling units (EDUs), 1,098 acres of developed commercial land, 687 acres of developed industrial land and 308 acres of public land. The population of the City’s Wastewater Utility service area as of January 1, 2013 is estimated to be 126,835 with total connections as of June 30, 2013 of 40,607 (note that these population and connection figures do not include service connections for SPMUD and Placer County).

The following tables show the current number of equivalent dwelling units and connections served by the City’s Wastewater Utility by class of user and the sewer service charge revenues by class of user.

**Roseville Wastewater Utility
Number of Dwelling Unit Equivalents and Connections
by Class of User
As of June 30, 2013**

<u>Class of User</u>	<u>Equivalent Dwelling Units</u>	<u>Connections</u>	<u>Percentage of Connections</u>
Residential	50,840	38,792	95.53 %
Commercial/Industrial	16,214	1,815	4.47 %
Total Users	67,054	40,607	100.00%

Source: City of Roseville; 2013 Regional Partner EDU Schedule.

**Roseville Wastewater Utility
User Charge Revenues by Class of User
Fiscal Year Ended June 30, 2013**

<u>Class of User</u>	<u>User Charge Revenues⁽¹⁾</u>	<u>Percentage of Revenues</u>
Residential	\$16,651,003	77.25%
Commercial/Industrial	4,903,309	22.75%
Total	\$21,554,312	100.00%

Source: City of Roseville

(1) User Charge Revenues constitute estimated Sewer Service Charges less payments from SPMUD and Placer County for a portion of the Operations & Maintenance costs related to SPWA regional facilities and less miscellaneous service charges.

The following table shows the type of business of the five largest users of the City's Wastewater Utility by audited sewer service charge revenue during the Fiscal Year ended June 30, 2013.

**Roseville Wastewater Utility
Five Largest Users
Fiscal Year Ended June 30, 2013**

<u>User</u>	<u>User Charge Revenues⁽¹⁾</u>	<u>Percentage</u>
Manufacturing	\$893,115	4.17%
Medical Care	147,456	0.69
Medical Care	123,270	0.57
Apartment Complex	120,640	0.56
Gov't and Utilities	97,868	0.46
Total	\$1,382,349	6.45%

Source: City of Roseville

(1) User Charge Revenues constitute estimated Sewer Service Charges less payments from SPMUD and Placer County for a portion of the Operations & Maintenance costs related to SPWA regional facilities and less miscellaneous service charges.

The City is currently evaluating one potential annexation of approximately 660 acres adjacent to its northern and western boundaries. This annexation is currently being studied and is subject to City Council approval. If the annexation takes place, it is anticipated that the service area may eventually include approximately 3,000 additional EDUs. These EDUs would be added to the Regional Wastewater System over a 25-year time frame and may begin as early as 2015.

Rates and Charges

The City funds the cost of the City's Wastewater Utility operation, maintenance and replacement, and local infrastructure expansion through a user fee system involving service fees and local connection charges. Sewer service fees and local connection charges are determined by staff of the City's Environmental Utilities Department and approved by the City Council. Such rates are examined each year and are adjusted as needed to meet budgetary requirements. The components of the user fees currently imposed by the City are: (1) user charges for residential, commercial and industrial users and (2) miscellaneous service charges. The charges established by the City are not subject to review or approval by any other agency. See "RISK FACTORS -- Articles XIIC and XIID of the California Constitution" in the forepart of this Official Statement.

Current Service Charges and Billing. Effective July 1, 2013, the monthly rate increased to \$29.85 per sewer unit from \$29.00 per sewer unit. For residential connections, a sewer unit is one per living unit. For nonresidential connections, the calculation of sewer units varies depending on the biological and chemical composition of the discharge. In general, nonresidential sewer units are one sewer unit per 1,000 cubic feet of estimated discharge. In addition, special treatment and handling costs may be added. Residential, commercial and industrial customers are billed monthly. The City bills customers for all utility services including

electric, water, wastewater and solid waste. Bills are due and payable on presentation, and become delinquent after 21 days.

After a bill becomes delinquent the City discontinues services by following certain procedures. The first step is to disconnect electric services. If the customer does not respond then water services may be discontinued. Once water has been disconnected, wastewater services are automatically discontinued. Before services are reinstated, the customer must bring the entire bill current, plus pay a deposit equal to the estimated total of two months of service. Additionally, the customer must pay the City for reinstating services (a connection fee).

Current Connection Charges. A connection fee is a one-time fee for a new, additional or larger connection to the City's Wastewater Utility. Because connection fees are primarily collected on new construction within the City, revenues obtained from such fees vary based on the level of construction activity. The current connection fee (as of July 1, 2013) is \$7,101, of which \$6,787 is the Regional Connection Fee and \$314 is the Local Connection Fee. See "SECURITY FOR THE BONDS -- Funding Agreement -- Rate Stabilization Fund; Regional Connection Fees."

Historical Rates and Charges

The City's historical wastewater utility charges per sewer unit* for the last five years is shown in the table below.

**Roseville Historical Wastewater Utility Charges
Per Sewer Unit***

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$26.85	\$27.90	\$29.00	\$29.00	\$29.85

* A sewer unit represents 1,000 cubic feet of associated water usage. Residential customers are charged one sewer unit per month regardless of consumption. Commercial users are charged one unit of sewer for every 1,000 cubic feet of water.

Delinquencies. The City has not experienced annual uncollected delinquencies for wastewater users exceeding \$60,000 (less than 1%) of total billings over each of the last five years.

Financial Information

Budgetary Process. The operating budget takes the form of an annual financial plan which is adopted in its entirety by the City Council. The operating budget is presented on a program basis, with an emphasis on matching services with the cost of providing those services. A mid-period review is conducted and appropriations are adjusted accordingly. The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions.

Financial Statements. The table below presents summaries of financial data relating to the City's Wastewater Fund for the Fiscal Years ended June 30, 2009 through 2013. This data is extracted from the City's Annual Financial Reports for such years. The City's Annual Financial Report is currently audited by Maze & Associates, Pleasant Hill, California, in accordance with generally accepted auditing standards, and contains opinions that the financial statements present fairly the financial position of the various funds maintained by the City. The reports include certain notes to the financial statements that may not be fully described below. Such

notes constitute an integral part of the audited financial statements. Copies of these reports are available on request from the City Clerk. See APPENDIX B-2 - "EXCERPTED PORTIONS OF THE CITY OF ROSEVILLE AUDIT."

Significant Accounting Policies. Governmental accounting systems are organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's Wastewater Utility is accounted for as an enterprise fund. Enterprise funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges) or (ii) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. All Proprietary Funds, including the enterprise fund used to account for the operations of the City's Wastewater Utility, are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**City of Roseville Wastewater Utility Fund
Summary of Historical Operating Results⁽¹⁾
Fiscal Years Ending June 30, 2009 through 2013**

	2009	2010	2011	2012	2013
Participant Gross Revenues ⁽¹⁾ :					
Wastewater Service Charge ⁽²⁾	\$27,996,507	\$24,925,493	\$30,446,846	\$27,844,085	\$26,657,250
Local Connection Fees ⁽³⁾	242,706	302,169	152,380	144,513	254,020
Interest Income	1,048,645	563,043	510,695	260,642	248,021
Total Gross Revenues	<u>29,287,858</u>	<u>25,790,705</u>	<u>31,109,921</u>	<u>28,249,240</u>	<u>27,159,291</u>
Participant Local Operation and Maintenance Costs ⁽¹⁾	4,034,050	3,947,283	3,928,014	3,562,111	4,380,612
Regional Operation & Maintenance Costs ⁽¹⁾	13,887,729	14,639,499	12,747,775	13,411,940	13,913,744
Total Operation & Maintenance Costs	17,821,779	18,586,782	16,675,789	16,974,051	18,294,356
Participant Net Revenues	<u>11,366,079</u>	<u>7,203,923</u>	<u>14,434,132</u>	<u>11,275,189</u>	<u>8,864,935</u>
Debt Service Proportionate Share of Debt Service ⁽¹⁾	3,324,765	2,831,293	3,137,097	5,381,288	6,151,308
RSF Withdrawal for Debt Service	(3,234,765)	(2,831,293)	(3,137,097)	(5,381,288)	(6,151,308)
Proportionate Share of Debt Service Net of RSF Draw ⁽¹⁾	0	0	0	0	0
Net Revenues Available after Debt Service	<u>\$11,366,079</u>	<u>\$7,203,923</u>	<u>\$14,434,132</u>	<u>\$11,275,189</u>	<u>\$8,864,935</u>

Source: City of Roseville

- (1) Per definitions in the Funding Agreement, Participant Gross Revenues include payments from Placer County and SPMUD for their estimated share of Operation and Maintenance Costs; Operation & Maintenance Costs exclude depreciation.
- (2) Wastewater Service Charges declined in 2010 as a result of a partner billing true-up due to corrected meter readings and increased in 2011 as a result of a combination of multi-year true-up reimbursements and increased rehabilitation costs
- (3) As described in the Funding Agreement, only "Available Local Connection Fees" that are determined by a participant on a case-by-case basis to be available to pay Debt Service can be included as part of "Participant Gross Revenues." Regional Connection Fees flow to a Rate Stabilization Fund. See "SECURITY FOR THE BONDS" in the forepart of the Official Statement.

Unrestricted Reserves. As of March 31, 2014, the City's Wastewater Utility had \$36,478,551 in unrestricted reserves.

Management's Discussion and Analysis. The following discussion relates to certain items shown in the table above.

Gross Revenues. Gross Revenues, not including Regional Connection Fees, fluctuated over a five year period from a low of \$25.79 million in Fiscal Year 2009-10 to a high of \$31.11 million in Fiscal Year 2010-11, averaging \$28.31 million per year. This fluctuation between years was primarily due to rehabilitation work done to regional facilities by the City and billed to or paid by the other Authority Participants via the annual partner billing and true-up. Rehabilitation payments to the City ranged from a low of \$780,000 in Fiscal Year 2008-09 to a high of \$8.97 million in Fiscal Year 2010-11. Rehabilitation costs typically vary from year to year but are predicted using an infrastructure condition assessment and replacement cost model. This allows steady and appropriate contributions to a rehabilitation fund to pay these costs. Local Connection Fees saw a decline due to the slow economy, but started to rebound in Fiscal Year 2012-13. Interest income continues to decline due to the lower interest rate environment.

Operations and Maintenance Costs. Over the past five years, Operations & Maintenance Costs have ranged from \$16.68 million to \$18.57 million. The fluctuations are due to the varying rehabilitation costs over that same period. As also stated above, rehabilitation costs ranged from a low of \$780,000 in Fiscal Year 2008-09 to a high of \$8.97 million in Fiscal Year 2010-11.

Outstanding Long-Term Obligations

The City's obligations under the Funding Agreement are the City's only long-term debt obligations payable from revenues of the City's Wastewater Utility.

Insurance

The insurance needs of the City's Wastewater Utility are handled by the Risk Management Division of the City's Administrative Services Department. The City is a member of the California Joint Powers Risk Management Authority ("CJPRMA"), which covers general liability claims, property, and boiler and machinery losses. Once the City's deductible is met, CJPRMA becomes responsible for payment of all claims up to the applicable limits described below. General liability claims are covered up to \$40,000,000 with a self-insured retention or deductible of \$500,000. For the City's Fiscal Year ended June 30, 2013, the City's premium was \$423,865 with an additional \$1,625 charge to reflect the fees to access certain online risk management systems. CJPRMA has purchased commercial insurance against property damage and boiler and machinery claims. Property damage is covered up to \$5,000,000 with a self-insured retention or deductible of \$25,000. For the City's Fiscal Year ended June 30, 2013,

the City's premium was \$241,608 (coverage limit of \$300,000,000). Boiler and machinery damage is covered up to \$21,250,000 with a self-insured retention or deductible of \$5,000. For the City's Fiscal Year ended June 30, 2013, the annual premium paid was \$31,058.

The City is also a member of the Local Agency Workers' Compensation Excess Joint Powers Authority ("LAWCX"), which covers workers' compensation claims up to \$5,000,000 and provides additional coverage up to statutory limit. The City has a self-insured retention of up to \$350,000 per claim. During the Fiscal Year ended June 30, 2013, the City contributed \$492,772 for current year coverage, plus \$26,106 towards an outstanding 1998-99 assessment, for a grand total of \$518,878.

Additionally, the City maintains insurance coverage for liabilities arising from the Roseville Energy Park Property, which coverage has a self-insured retention of \$250,000 per claim up to a \$200,000,000 limit. For the City's Fiscal Year ended June 30, 2013, the City's premium for coverage was \$407,007.70. The City has also purchased fiduciary insurance specifically to cover the OPEB Trust. See " - Other Post-Employment Health Benefits" below. For the City's Fiscal Year ended June 30, 2013, the self-insured retention is \$15,000 per claim up to a \$3,000,000 limit, and the City's premium for coverage was \$27,864.

Investment Policy

The cash attributable to the City's Wastewater Utility must be invested in accordance with the City's Investment Policy. Pursuant to the Investment Policy, the City strives to maintain a level of investment of all idle funds, less required reserves, as near 100% as possible, through daily and projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the City Treasurer and permitted investments include the following:

- U.S. Treasury obligations
- U.S. Agency Securities
- Mortgage Pass-Through Securities
- Obligations of the State of California or any Local Agency within the state
- Repurchase Agreements
- Banker's Acceptances
- Commercial Paper
- Medium-Term Corporate Notes
- Collateralized Time Deposits
- Negotiable Certificates of Deposit
- California Local Agency Investment Fund
- Insured Savings Accounts
- Money Market/Mutual Funds
- Shares in a California Common Law Trust
- City of Roseville Pooled Investment Fund

Criteria for selecting investments and the order of priority are:

- Safety -- Preservation of principal and interest
- Liquidity -- Ability to convert investment to cash at any moment in time
- Yield -- Potential dollar earnings on an investment

The City's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain the highest yield when selecting an investment, provided the criteria for safety and liquidity are met.

The following table shows the investments in the pooled funds of the City as of March 31, 2014.

City of Roseville Pooled Investment Fund

City Pooled Investment Fund	Par	Cost	Market Value
Certificates of Deposit	\$1,250,000	\$1,250,000	\$1,250,789
Negotiable CDs	52,700,000	52,698,156	52,717,980
Commercial Paper- Interest Bearing	17,750,000	17,750,000	17,741,426
Municipal Bonds	4,515,000	4,515,000	4,528,820
FDIC (Corporate Notes)	77,470,000	78,059,584	78,285,705
Federal Agency Coupon Securities	74,662,000	75,321,133	75,364,894
Treasury Coupon Securities	127,928,000	132,601,534	132,312,247
Money Market Funds	1,718,648	1,718,648	1,718,648
C.A.M.P.	971,249	971,249	971,249
L.A.I.F.	<u>43,149,255</u>	<u>43,149,255</u>	<u>43,149,255</u>
Total:	\$402,144,152	\$408,034,560	\$408,041,013

Source: City of Roseville

As of March 31, 2014, the portion of the City's Pooled Investment Fund allocable to the City's Wastewater Utility was \$36,478,551, or approximately 9% of the City's Pooled Investment Fund.

Retirement Benefits

The following information concerning the California Public Employees' Retirement System ("PERS") is excerpted from publicly available sources, which the City believes to be accurate. PERS should be contacted directly at CalPERS, Lincoln Plaza, 400 Q Street, Sacramento, CA 95814, Telephone: (888) 225-7377 for other information, including information relating to its financial position and investments.

Substantially all permanent City employees, including employees of the Wastewater Utility, are eligible to participate in pension plans offered by PERS, an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Copies of PERS' annual financial report may be obtained from its Executive Office located at 400 Q Street, Sacramento, CA 95814.

The City's employees participate in the separate Safety (for its police and fire employees) and Miscellaneous (for all other employees) employee plans. Benefit provisions under both plans are established by State statute and City resolution. Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment.

The Plans' provisions and benefits in effect prior to January 1, 2013, are summarized as follows:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50	50-55
Monthly Benefits (as % of Annual Salary)	3.0%	2.0 – 2.7%
Required Employee Contribution Rate	9.0%	8.0%
Required Employer Contribution Rate	31.298%	20.23%

The Plans' provisions and benefits in effect for employees hired after January 1, 2013, are summarized as follows:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	57	62
Monthly Benefits (as % of Annual Salary)	2.7%	2.0%
Required Employee Contribution Rate	12.25%	6.25%
Required Employer Contribution Rate	31.298%	20.23%
Actuarially Required Contributions [1]	\$10,101,015	\$18,063,140

[1] Updated actuarial report expected in October 2014.

Employees of the Wastewater Utility participate in the PERS Miscellaneous Plan described above, and the Wastewater Utility pays a percentage of the City's Plan expenses based on the number of employees. The Wastewater Utility's portion of the City's unfunded liability under PERS has been calculated to be \$13.1 million (5.2%) as of June 30, 2012. The following discussion pertains to the City's PERS liability as a whole.

Funding Policy. The contribution requirement of plan members and the City are established and may be amended by PERS. PERS determines contribution requirements using a modification of the Entry Age Normal Method, which is a projected benefit cost method. This method takes into account the benefits that are expected to be earned in the future as well as those already accrued. Accordingly, the normal cost for an employee is the level amount that would fund the projected benefit if it were paid annually from the date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll in order to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability.

Active Safety Plan employees are required to contribute 9.0% (12.25% for employees hired after January 1, 2013) of their annual covered salary, and active Miscellaneous Plan employees are required to contribute 8.0% (6.23% for employees hired after January 1, 2013) of their annual covered salary. The City is required to contribute to each of the Safety and Miscellaneous Plans at an actuarially determined rate. The rate for the year ended June 30, 2013 was 31.298% of annual covered payroll for Safety Plan employees and 20.23% of annual covered payroll for Miscellaneous Plan employees. The City's labor contracts require it to pay employees' contributions, on their behalf and for their account, as well as its own actuarially

determined contribution amount. The City's total contribution was \$10,101,015 for the Safety Plan and \$18,063,140 for the Miscellaneous Plan for the year ended June 30, 2013. The City paid 100% of the contributions required by PERS for each of the years ended June 30, 2013, 2012 and 2011, respectively. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by PERS, for the last four fiscal years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<i>Safety Plan</i>			
June 30, 2010	\$9,210,220	100%	\$0
June 30, 2011	8,841,881	100	0
June 30, 2012	10,027,631	100	0
June 30, 2013	10,101,015	100	0
<i>Miscellaneous Plan</i>			
June 30, 2010	\$14,463,390	100%	0
June 30, 2011	14,791,010	100	0
June 30, 2012	18,065,353	100	0
June 30, 2013	18,063,140	100	0

Source: City of Roseville.

Actuarial Valuations. Staff actuaries at PERS prepare annually an actuarial valuation that covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuations delivered to the City in October 2013 with respect to the Miscellaneous Plan, covered PERS' Fiscal Year ended June 30, 2012). The actuarial valuation expresses the required contribution rates for the City in percentages of payroll, which percentages the City contributes in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rates derived from the actuarial valuation as of June 30, 2012, which was prepared in October 2013, will be in effect for Fiscal Year 2014-15). PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components: the normal cost and the unfunded accrued actuarial value ("UAAL"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions, such as, among others, the rate of investment return, average life expectancy, average age at retirement, inflation, salary increases, and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments, such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL is an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement rather than a fixed liability amount the City owes to PERS under the PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the "Actuarial Value") of the PERS Plans at the end of the Fiscal Year, which assumes, among other things, that the real rate of return during that Fiscal Year equaled the applicable assumed rate of return (recently revised from 7.75% to 7.50%). The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies.

Plans' Actuarial Values. The table below shows the recent history of the Plans' actuarial value (which differs from market value) of assets, accrued liability, their relationship, and the relationship of the unfunded liability to payroll for the City, for the four years prior to and including June 30, 2012 (the most recent date for which such actuarial valuation data is available):

Safety Plan

Actuarial

<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Asset</u>	<u>Unfunded (Overfunded) Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
June 30, 2009	\$166,512,851	\$121,354,582	\$43,158,269	72.9%	\$23,943,280	188.605%
June 30, 2010	176,319,541	133,291,736	43,027,805	75.6	23,685,286	181.665
June 30, 2011	196,208,635	145,495,984	50,712,651	74.2	22,222,636	228.203
June 30, 2012	213,420,106	156,246,641	56,173,465	73.7	23,542,236	238.607

Miscellaneous Plan

Actuarial

<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Asset</u>	<u>Unfunded (Overfunded) Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
June 30, 2009	\$342,328,270	\$241,893,471	\$100,434,799	70.7%	\$64,296,771	156.205%
June 30, 2010	367,490,532	261,053,910	106,436,622	71.0	63,122,632	168.619
June 30, 2011	403,899,989	281,366,830	122,533,159	69.7	62,355,851	196.506
June 30, 2012	429,218,174	302,337,115	126,881,059	70.4	63,780,598	198.934

Source: City of Roseville

Actuarial Assumptions and Policies. PERS uses a market-related value method of valuing the PERS plan's assets, which smooths the effect of short-term volatility in the market value of investments over a three-year period. The actuarial valuation assumptions used prior to 2012 include (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.55% to 14.45% for miscellaneous members, and from 3.55% to 13.15% for safety members (varying by duration of service); (c) an inflation component of 3%, and (d) 2-3% per year cost-of-living adjustments for retirees. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

Complete updated inflation and actuarial assumptions can be obtained by contacting PERS at the address referenced above.

PERS Rate Adjustments. On March 14, 2012, the PERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.5%. As a result of such discount rate decrease, among other things, (i) the amounts of PERS member state and schools employer contributions increased by 1.2 to 1.6% for Miscellaneous plans and 2.2 to 2.4% for Safety plans beginning Fiscal Year 2012-13 and (ii) the amounts of PERS member public agency contributions will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning Fiscal Year 2013-14. The PERS Board adjustment has been undertaken in order to address underfunding of the PERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. More information about the PERS discount rate adjustment can be accessed through PERS's website. *The reference to this internet website is cited for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.*

The City is unable to predict what the amount of PERS liabilities will be in the future, or the amount of the PERS contributions that the City may be required to make. There can be no assurances that the City's annual contributions to PERS will not significantly increase in the future. The actual amount of any increases will depend on a variety of factors, including but not limited to investment returns, actuarial assumptions, experience and retirement benefit adjustments.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that enacted the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and that also amended various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the City, have a five-year window to negotiate compliance with AB 340 through collective bargaining. The City is currently in compliance with the provisions of AB 340.

PERS predicts that the impact of AB 340 on employers, including the City, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, PERS notes that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about AB 340 can be accessed through PERS's website. *The reference to this internet website is cited for reference and convenience only, the information*

contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.

The City is unable to predict what the amount of PERS liabilities will be in the future or the amount of the PERS contributions which the City may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its employee associations.

See also Note 12 in "APPENDIX B-2 – EXCERPTED PORTIONS OF THE CITY OF ROSEVILLE AUDIT" for additional information relating to the City's retirement plans.

Other Post Employment Benefits

The City also provides post-retirement health care benefits ("OPEB Benefits") to its employees through PERS, including those assigned to the City's Wastewater Utility, as described below.

The Governmental Accounting Standards Board has published Statement No. 45 which required the City to account for OPEB Benefits in the fiscal year beginning after December 15, 2008. Statement No. 45 requires that the accrual basis measurement and recognition of the cost of postretirement healthcare benefits take place over a period that approximates the employee's years of service. Statement No. 45 also requires the periodic reporting of information about actuarial accrued liabilities associated with these benefits and whether and to what extent progress is being made in funding the plan.

Employees of the Wastewater Utility participate in the OPEB Benefits described below, and the Wastewater Utility pays a percentage of the City's OPEB Benefit expenses based on the number of employees. The City does not separately calculate the portion of the City's OPEB liability that is attributable to the City's Wastewater Utility. The following discussion pertains to the City's OPEB Benefits and liability as a whole.

City Plan Description. The City provides OPEB Benefits to substantially all retirees under the City of Roseville Other Post Employment Benefit Plan (the "Plan"), a sole employer defined benefit healthcare plan, which is administered by the City of Roseville. Retirees who have at least five years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses. As of June 30, 2013, there were 525 participants receiving these OPEB Benefits.

Maximum reimbursement amounts differ depending on the labor organization membership and when an employee retired from City service. The majority of retirees may be eligible for a maximum of \$1,284 in monthly reimbursements. Amendments to benefit provisions are negotiated by various bargaining units at the City and must be approved by the City Council. The City manages the Plan by investing assets in a Retiree Health Plan Trust (the "OPEB Trust"), established pursuant to a Trust Agreement, and managed by the OPEB Trust's administrator, Public Financial Management Asset Management. The City, as trustee, has elected to invest the OPEB Trust assets in up to six months of cash, cash equivalent and/or money market funds for near-term OPEB Trust benefits and expenses. All remaining assets will be invested in longer-term securities and will be diversified with the intent to minimize the risk of long-term investment losses. Financial reports for the Plan and the OPEB Trust are contained in the City's annual Audited Financial Statements. See also Note 13 in "APPENDIX B-2 – EXCERPTED PORTIONS OF THE CITY OF ROSEVILLE AUDIT" for additional information

relating to the Plan and the Trust.

Annual OPEB Cost and Net OPEB Obligation. The Plan's Annual Required Contribution ("ARC") is an amount actuarially determined in accordance with the parameters of GASB Statement 45. Plan members do not make contributions to the Plan; the Plan is funded entirely by the employer contributions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for Fiscal Year 2012-13, the amount actually contributed to the Plan, and changes in the City's Net OPEB obligation:

Annual required contribution	\$15,995,000
Interest on net OPEB obligation	1,660,212
Adjustment to annual required contribution	(2,338,072)
Annual OPEB cost (expense)	\$15,317,140
Contributions:	
Pay-as-you-go premiums	(5,131,475)
Transfer to OPEB Trust	(2,480,609)
Increase in net OPEB obligation	7,705,056
Net OPEB obligation – beginning of year	25,541,730
Net OPEB obligation – end of year	\$33,246,786

Source: City of Roseville.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last four Fiscal Years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$17,851,892	\$3,839,216	22%	\$45,855,741
June 30, 2011	9,273,292	38,457,645	415	15,409,215
June 30, 2012	15,104,848	4,972,333	33	25,541,730
June 30, 2013	15,317,140	7,612,084	50	33,246,786

Source: City of Roseville

Funding Policy. There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently, and generally, chosen to both pay Plan benefits on a pay-as-you-go basis and to also fund the OPEB Trust. The City set up and moved \$34 million of accumulated revenues into the OPEB Trust in 2011, to begin setting aside monies to address the City's long-term liability for post-retirement health benefits. This transfer has increased the longer-term investment return on the transferred funds, thus lowering the City's unfunded liability. Since inception, the trust's investments have performed at or better than its long-term return assumption of 6.5%. In addition to one-time monies transferred into this fund, the City has transferred 3% of the total cost of salaries for several years; however, the General Fund transfer was 1% of salaries in Fiscal Year 2013-14 and 2% of salaries in Fiscal Year 2014-15

The City paid and contributed the following amounts for eligible employees as its regular employer contributions for and over its last five Fiscal Years:

<u>Fiscal Year Ended</u>	<u>No. of Active Employees</u>	<u>No. of Retired Employees</u>	<u>Amount Contributed to OPEB Trust</u>	<u>Amount Paid Under Pay-as-you-go</u>
June 30, 2009 ⁽¹⁾	1,045	464	\$0	\$3,292,355
June 30, 2010 ⁽¹⁾	940	467	0	3,839,216
June 30, 2011	975	545	34,000,000	4,457,645
June 30, 2012	985	539	896,969	4,972,333
June 30, 2013	1,058	536	2,480,609	5,131,475

Source: City of Roseville

(1) For Fiscal Years 2008-09 and 2009-10, the City had not yet established, and did not contribute to the OPEB Trust.

The City presently anticipates that its pay-as-you-go Plan benefit expense will be approximately \$5,207,001 for Fiscal Year 2013-14, and that it will also contribute \$2,100,000 to the OPEB Trust for this same Fiscal Year.

Funded Status and Funding Progress. As of June 30, 2011, the latest Plan valuation date, the funded status of the Plan, shown below with information for the prior two valuation dates, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Entry Age Actuarial Liability (B)</u>	<u>(Underfunded) Actuarial Liability (A-B)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>Actuarial Liability as Percentage of Covered Payroll ((A-B)/C)</u>
June 30, 2007	\$0	\$164,567,000	(\$164,567,000)	0.00%	\$80,302,000	-204.94%
June 30, 2009	34,000,000	180,097,000	(146,097,000)	18.88	80,664,000	-181.12
June 30, 2011	34,626,000	176,733,000	(142,107,000)	19.59	74,535,000	-190.66

Source: City of Roseville

Actuarial valuations of an ongoing Plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used with a 30 year closed amortization period and level percentage of pay. The actuarial assumptions are as follows:

- A healthcare trend of declining annual increases in costs of HMO and PPO plans, ranging from 9.00% to 9.40% in 2013 to 5.00% for years starting 2021, was assumed.
- The CPI was assumed to be a constant at 3% per year.
- Assets in the plan will be invested in a moderately conservative money market portfolio that will provide current income with capital appreciation as a secondary objective.
- 3.25% projected annual salary increase.
- 6.50% investment rate of return (net of administrative expenses).

APPENDIX B-2

EXCERPTED PORTIONS OF THE CITY OF ROSEVILLE AUDIT

APPENDIX C-1

INFORMATION CONCERNING THE SOUTH PLACER MUNICIPAL UTILITY DISTRICT

General

The South Placer Municipal Utility District ("SPMUD" or the "District") was established pursuant to the Municipal Utility District Act (California Public Utilities Code Sections 11501 et seq.) (the "Act") in 1956 under the original name of the Rocklin-Loomis Municipal Utility District. In 1987, the District changed its name to the South Placer Municipal Utility District. The District services an area of approximately 31 square miles; involving the entire City of Rocklin, the Town of Loomis and certain unincorporated communities of Placer County, including Penryn, Newcastle and the Rodgersdale Area of Granite Bay. The District provides sewer collection service to a population of approximately 74,750, involving approximately 30,500 equivalent dwelling units.

Governance and Management

The District is a customer owned utility, governed by a five-member board of directors. Pursuant to the Act, the directors are elected at biennial general elections for staggered terms of four years.

The District's senior management consists of the following personnel:

CHARLES W. CLARK, General Manager. Mr. Clark, as General Manager, manages the operations of the District. He has served the District for eight years. Prior to his current position, Mr. Clark was Public Works Director for various cities. Mr. Clark has a Master of Engineering degree from the University of Louisville, Kentucky and is a Registered Civil Engineer.

JODY ALLEN, Superintendent. Mr. Allen is responsible for the day-to-day maintenance and operations of the District. He has served the District in this capacity for 10 years. Prior to his current position, Mr. Allen was the Mechanical Manager for the County of Sacramento Water Quality Department.

JOANNA BELANGER, Administrative Services Manager. Ms. Belanger is responsible for all administrative, financial, customer service, human resources, and billing functions for the District.

SAM ROSE, Technical Services Manager. Mr. Rose has served the District in various positions for 27 years, including three year as Technical Services Manager. As Technical Services Manager, Mr. Rose is responsible for overseeing and supervising the engineering and construction functions of the District.

Employees

The District has 20 full-time, two part-time and two temporary employees. The District is in the second year of a two-year Memorandum of Understanding with employees and management that expires on June 30, 2014. The District is currently in negotiations with

employees for a new Memorandum of Understanding. The District has not had any work stoppages by its employees.

Wastewater Facilities

The District owns and operates a sewage collection system involving approximately 254 miles of pipe, 20,500 service connections, eleven pump stations and other appurtenances. The District collects and transmits its sewage to the Dry Creek Plant and the Pleasant Grove Plant through two major conveyance pipelines for treatment by the City of Roseville. See "THE REGIONAL WASTEWATER SYSTEM" in the forepart of this Official Statement.

Wastewater Permits, Licenses and Other Regulations

The District operates under the authority and regulations of the State of California Municipal Utility District Act, as codified by the California Public Utilities Code, Chapter 764, Division 6. The District is also regulated by the State Water Resources Control Board Order No. 2006-003 (Statewide General Discharge Requirements for Sanitary Sewer Systems).

Wastewater Service Area and Customers

The District's service area is determined by the Board of Directors per the California Public Utilities Code Section 12801. The area served by the District consists of approximately 31 square miles, involving the entire City of Rocklin, the Town of Loomis and certain unincorporated communities of Placer County, including Penryn, Newcastle and the Rodgersdale Area of Granite Bay. The District provides sewer collection service to a population of approximately 74,750, involving approximately 30,500 equivalent dwelling units. Approximately 89.4% of the equivalent dwelling units serviced by the District are located in the City of Rocklin.

The following tables show the current number of equivalent dwelling units and connections served by the District by class of user and wastewater service charge revenues by class of user.

**South Placer Municipal Utility District
Number of Equivalent Dwelling Units and Connections
by Class of User
As of June 30, 2013**

<u>Class of User</u>	<u>Equivalent Dwelling Units</u>	<u>Connections</u>	<u>Percentage of Connections</u>
Residential	23,889	19,576	94.85%
Commercial	6,466	1,064	5.15
Educational ⁽¹⁾	798	NA	NA
Total Users	30,627	20,640	100.00%

(1) The educational category was added to reflect the additional school entities in the District for which the District does not track the number of connections. An existing agreement with Sierra College allows them to self-report their usage based upon water use, and the District is not notified on additional connections within their school system. For other schools within the District, adjustments are made to their bills upon receipt of their annual report for school population and as to whether they have undergone any construction activity. Educational facilities pay connection fees to the District upon initial connection but do not pay connection fees to the District for additional improvements.

Source: SPMUD

**South Placer Municipal Utility District
Wastewater Service Charge Revenue by Class of User
Fiscal Year Ended June 30, 2013**

<u>Class of User</u>	<u>Revenue⁽¹⁾</u>	<u>Percentage of Revenue</u>
Residential	\$7,906,341	77.0%
Commercial	2,053,595	20.0
Educational	308,039	3.0
	\$10,267,976	100.0%

(1) The amount of Wastewater Service Charge Revenue in this table excludes revenue generated from late charges.
Source: SPMUD

The following table shows the five largest users of the District by wastewater service charge revenues during the Fiscal Year ended June 30, 2013. Collectively, the five largest users accounted for approximately 3% of total revenues.

**South Placer Municipal Utility District
Five Largest Users
Fiscal Year Ended June 30, 2013**

<u>User</u>	<u>Revenue</u>
Sierra College	\$ 59,308
Whitney High School	44,674
Rocklin High School	36,983
William Jessup University	44,107
Del Oro High School	32,224
	\$217,296

Source: SPMUD

Rates and Charges

The District funds the cost of the operation, maintenance and replacement, and capital expansion of its collection system through a fee system involving service fees and connection charges. Sewer service fees and connection charges are determined by and adopted by the Board of Directors of the District and are subject to change in accordance with the provisions of Section 14401 of the Act. Such rates are examined each year and are adjusted as needed to meet budgetary requirements. The charges established by the District are not subject to review or approval by any other agency. See "RISK FACTORS -- Articles XIII C and XIII D of the California Constitution" in the forepart of this Official Statement.

Current Service Charges and Billing. The current monthly rate for residential wastewater service is \$28.00 and has been in effect since July 1, 2012. The monthly rate for commercial wastewater service is based upon the rate of \$28.00 multiplied by the number of equivalent dwelling units allocated to such commercial building. Residential and commercial customers are billed quarterly.

Current Connection Charges. The connection fee for fiscal year ended June 30, 2013 was \$9,211.00, which included the District's Local Connection Fee in the amount of \$2,500.00 and the Regional Connection Fee collected by the District and remitted to the City in the amount

of \$6,711.00. In July 2013, the Regional Connection Fee increased to \$6,787. In March 2014, the Local Connection Fee decreased to \$2,100.

Historical Rates and Charges. The Table below shows the District's recent past and current Local Connection Fee and monthly service charges. Fees and charges for 2010 thru 2014 were set based on the District's five-year financing plan completed in March 2009 and established under SPMUD Ordinance 09-03 and 09-04.

<u>Fiscal Year</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Service Charge	\$22.00	\$24.00	\$26.00	\$28.00	\$28.00
Connection Fee	2,000	2,250	2,500	2,500	2,100

Delinquencies. At the end of each Fiscal Year, delinquent sewer charges from the prior calendar year, plus a ten percent (10%) penalty, are forwarded to Placer County where they are added to the tax rolls. Under the Teeter Plan, Placer County remits the assigned amounts back to the District during the Fiscal Year in three increments: 55% in January, 40% in May and 5% in August. Accounts assigned to the tax rolls during the Fiscal Year ended June 30, 2013 amounted to \$232,807.36. The District has not experienced annual uncollected delinquencies for wastewater users exceeding \$232,807.36 (approximately 2.65%) of total billings over the last five years.

Financial Information

Budgetary Process. The Board of Directors of the District approves each year's budget submitted by the District's General Manager. The operating budget is subject to supplemental appropriations, budget transfers and other changes throughout the year in order to provide flexibility to meet changing needs and conditions. These supplemental appropriations, budget transfers and other changes are subject to the approval of the Board of Directors of the District.

Financial Statements. The table below presents summaries of financial data relating to the District for the Fiscal Years ended June 30, 2009 through 2013. This data is extracted from the District's audited financial statements for such years. The District's audited financial statements are currently audited by Larry P. Bain, CPA, El Dorado Hills, California, in accordance with generally accepted auditing standards, and contain opinions that the financial statements present fairly the financial position of the various funds maintained by the District. The report includes certain notes to the financial statements that may not be fully described below. Such notes constitute an integral part of the audited financial statements. See APPENDIX C-2 -- "EXCERPTED PORTIONS OF THE SOUTH PLACER MUNICIPAL UTILITY DISTRICT AUDIT."

Significant Accounting Policies. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. See Note 1 to Appendix C-2 for more information on significant accounting policies of the District.

**South Placer Municipal Utility District
Summary of Historical Operating Results⁽¹⁾
Fiscal Years Ending June 30, 2009 through 2013**

	2009	2010	2011	2012	2013
Gross Revenues:					
Wastewater Service Charge	\$7,250,894	\$7,827,078	\$8,599,106	\$9,489,453	\$10,267,976
Local Connection Fees ⁽²⁾	696,125	376,895	267,268	411,250	680,755
Interest Income	1,059,780	653,106	619,371	643,017	595,321
Taxes	718,957	655,680	607,420	575,130	610,408
Other Revenue	637,489	63,115	79,000	55,583	145,039
Total Gross Revenues	<u>10,363,245</u>	<u>9,574,874</u>	<u>10,172,164</u>	<u>11,174,433</u>	<u>12,299,498</u>
Participant Local Operation and Maintenance Costs					
	3,027,123	3,226,735	3,226,778	3,349,913	3,070,471
Regional Operation & Maintenance Costs	<u>4,485,906</u>	<u>4,474,721</u>	<u>3,825,346</u>	<u>3,694,830</u>	<u>3,267,206⁽³⁾</u>
Total Operation & Maintenance Costs ⁽⁴⁾	7,513,029	7,701,456	7,052,124	7,044,743	6,337,677
Participant Net Revenues	2,855,838	1,874,418	3,120,040	4,129,690	5,961,822
Bond Debt Service					
Proportionate Share of Debt Service ⁽⁵⁾	1,492,877	1,306,672	1,447,803	2,483,520	2,237,787
RSF Withdrawal for Debt Service	<u>(1,492,877)</u>	<u>(1,306,672)</u>	<u>(1,447,803)</u>	<u>(2,483,520)</u>	<u>(2,237,787)</u>
Proportionate Share of Debt Service Net of RSF Draws	0	0	0	0	0
Net Revenues Available after Debt Service ⁽⁶⁾	\$2,855,838	\$1,874,418	\$3,120,040	4,129,690	\$5,961,822

(1) Figures derived from SPMUD's audited financial statements.

(2) Regional Connection Fees are transferred to Roseville for deposit into the Regional Construction Fund and are not shown in this table.

(3) Does not include a true up payment of \$134,704 not processed until Fiscal Year 2013-14.

(4) Operation & Maintenance Costs exclude depreciation and include both local collection system operation and maintenance costs and SPMUD's share of Regional Operation & Maintenance Costs.

(5) Information provided by the City of Roseville.

(6) The District's Net Unrestricted Cash Reserves as of June 30, 2013 is \$42,912,947.

Source: SPMUD Financial Statements

Unrestricted Cash Reserves

As of June 30, 2013 the District had \$42,912,947 in unrestricted reserves. The SPMUD Board of Directors has the authority to expend these reserves in any way that benefits the District. These funds have been identified for future projects in the District Master Plan but are not specifically reserved for any work and are classified as unrestricted in the District's Audit.

Management's Discussion and Analysis. The following discussion relates to certain items shown in the table above.

Gross Revenues and Connection Fees. Gross Revenues have generally increased over the period from the Fiscal Years ended June 30, 2009 through 2013, from \$10.36 million to \$12.29 million as a result of additional connections coming on line. From Fiscal Year 2008-09 through 2010-11, Local Connection Fees continued to significantly decrease with the decline in construction activity. Since 2012 the area has seen an increase in construction activity with Local Connection Fees increasing to \$680,755 by the end of June 2013. Wastewater Service Charges have increased

significantly, increasing from \$7,250,894 in Fiscal Year 2008-09 to \$10,267,976 in Fiscal Year 2012-13, as a result of growth in the District and increased wastewater rates.

Operations and Maintenance Costs. Operations & Maintenance Costs for SPMUD fluctuated only slightly with a decrease from \$7.5 million in Fiscal Year 2008-09 to \$6.33 million in Fiscal Year 2012-13. This decrease can be attributed to true up costs for Regional Treatment and retirements within the District.

Outstanding Long-Term Obligations

The District's obligations under the Funding Agreement are the District's only long-term obligations payable from revenues of the District's Wastewater Utility.

Insurance

The District currently maintains commercial property general liability and workers compensation insurance through SDRMA. General Liability limits to \$10,000,000, Errors & Omissions limits to \$10,000,000, Personal Liability Coverage Board members limits to \$500,000, Employment Practices Liability limits to \$10,000,000, Employee Benefits Liability limits to \$10,000,000, Employee Dishonesty Coverage limits to \$400,000, Auto Liability limits to \$10,000,000, Auto Physical Damage, Uninsured Motorists limits to \$750,000, Property Coverage limits to \$1,000,000,000, Machinery Coverage limits to \$100,000,000 and Workers Compensation limits to \$5,000,000.

Investment Policy

The District adopted an Investment Policy in 1996 pursuant to Resolution No. 96-4, which was incorporated into Resolution No. 04-08 as Exhibit B in 2004 and amended in 2009 pursuant to Resolution No. 09-10. In accordance with Section 10 of the Resolution No. 04-08, as amended, the Board of Directors of the District is required to review the Investment Policy on an annual basis. Certain provisions of the Investment Policy are summarized below.

Authorized Investments. The District is authorized to invest in investments listed in Section 53601 and related subsections of the California Government Code.

Basic Policy and Objectives. The Investment Policy of the District is a conservative policy guided by three principles of public fund management. In specific order of importance, the three principles are:

(a) Safety of Principal – Investments shall be undertaken in a manner which first seeks to preserve portfolio principal.

(b) Liquidity – Investments shall be made with maturity dates that are compatible with cash flow requirements and which will permit easy and rapid conversion into cash, at all times, without a substantial loss of value.

(c) Return on Investment – Investment shall be undertaken to produce an acceptable rate of return after first consideration for principal and liquidity.

Reporting Requirements. Each month the General Manager, is required to prepare and submit a report of investment transactions to the Board of Directors of the District. This

report will be sufficiently detailed to provide information for investment evaluation. This report will also contain a statement of compliance of the portfolio with the statement of Investment Policy and a statement of the District's ability to meet its expenditure requirements for the next six (6) months.

Current Investment. All funds invested by the District are currently invested in the State of California Local Agency Investment Fund ("LAIF") and the Placer County Treasury.

Defined Benefit Pension Plan

The District's defined benefit pension plan, the California Public Employee's Retirement System ("PERS"), provides retirement and disability benefits, annual cost of living adjustments and death benefits to all plan members and beneficiaries.

The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The District now has three tiers as it relates to retirement through PERS.

Tier I – 2.7% @ 55 - The required employer contribution rate for Fiscal Year 2012-13 was 15.178%. The District contributes an additional 8% employee retirement contribution as a benefit for Tier I employees.

Tier II -2% @ 55 - The required employer contribution rate for Fiscal Year 2012-13 was 9.716%. The District contributes an additional 7% employee retirement contribution as a benefit for Tier II employees.

Tier III – 2% @ 62 - The required employer contribution rate for Fiscal Year 2012-13 was 6.25%. Tier III employees pay their own employee retirement contributions of 6.25% under PEPRA law.

For Fiscal Year 2012-13, the District's annual pension cost was \$214,456 and the District actually contributed \$214,456 (net of employer paid member contributions). The required contribution for Fiscal Year 2012-13 was determined as part of the June 30, 2010 actuarial valuation using entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% depending on age, service and type of employment and (c) .25% merit adjustment. Both (a) and (b) include an inflation component of 3.0%. The District paid off the side fund liability of \$325,087 during Fiscal Year 2011-12 that reduced the 2012-13 employer contribution rate by 9.429%. The actuarial value of the plan's assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a three year period (smoothed market value). The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 21 years. The District currently has no unpaid accrued actual liability with respect to its pension obligations.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost ("APC")</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2011	\$304,033	100%	\$0
June 30, 2012	315,981	100	0
June 30, 2013	214,456	100	0

Post Retirement Health Care Benefits.

The District has a tiered retiree vesting schedule for other post-retirement employee benefits (OPEB).

Under this vesting plan the District pays for specific health benefits through the CalPERS, Sacramento Area Region health benefits rates. Any amount in excess of the tiers is the responsibility of the employee. The District's Board of Directors establishes the contribution requirement of plan members. The District has prefunded these benefits through the California Employers Retiree Benefit Trust ("CERBT"). The funding policy is to contribute consistently an amount equal to 100% of the ARC as determined by the bi-annual OPEB valuations that uses an average discount rate of 7.75%.

According to the July 1, 2013 OPEB valuation and actuarial report received by the District, the actuarial accrued liability ("AAL") for the District was calculated to be \$3,496,648 as of July 1, 2013. The District reported assets in CERBT as of this date of \$3,181,069 to offset these liabilities. Thus, the unfunded accrued liability ("UAAL") as of July 1, 2013 was \$315,579, and the funded ratio was 91.0%. Assuming the District continues to follow its previously established policy of prefunding its OPEB liabilities, for the Fiscal Year ending June 30, 2014, the annual required contribution ("ARC") was calculated to be \$183,883. The District has budgeted to make the full ARC payments and to pay its portion of retiree premiums during the period (estimated to total \$16,477), and to contribute the balance of the ARC to CERBT. Based on the calculations and contributions described above, the District projects a net OPEB obligation of \$0 on June 30, 2014.

APPENDIX C-2

EXCERPTED PORTIONS OF THE SOUTH PLACER MUNICIPAL UTILITY DISTRICT AUDIT

APPENDIX D-1

INFORMATION CONCERNING THE PROVISION OF WASTEWATER COLLECTION SERVICE TO CERTAIN AREAS WITHIN THE COUNTY OF PLACER

Certain County Wastewater Entities

The County of Placer (the "County") provides wastewater collection services to certain of its residents through a sewer maintenance district ("SMD No. 2") and two county service areas ("CSA No. 2A" and "CSA No. 173") (collectively, the "County's Wastewater Entities"). Each of these entities is accounted for as a separate enterprise fund. Revenues from 17 residential equivalent dwelling units in county service area No. 55 ("CSA No. 55"), a 0.2 square mile residential area, are also pledged under the Funding Agreement. However, CSA No. 55 is not projected to grow and therefore it is not expected to generate further regional connection fees. Sewer collection service is provided to other residents of the County through other sewer maintenance districts and county service areas, revenues from which are not in any way pledged under the Funding Agreement, the Indenture or involved in the repayment of the Bonds. SMD No. 2 was established in 1961, comprises 11.2 square miles and serves a population of approximately 18,626, involving 7,121 equivalent dwelling units. CSA No. 2A was established in 1963, comprises 2.3 square miles of industrial property, involving 1,180 equivalent dwelling units. In 2003 the County created CSA No. 173, for the provision of wastewater services to the Dry Creek Community Plan Area. CSA No. 173 serves approximately 950 acres of land, currently serving 1,262 equivalent dwelling units. Construction of the significant infrastructure, including the collection and transmission system, was funded by development.

It is anticipated that the County will connect a third entity, sewer maintenance district No. 3 ("SMD No. 3"), to the Regional Wastewater System on or about October 15, 2014 as part of an effort to regionalize sewer treatment throughout the western portion of the County. The County has been working to develop federal funding for the costs involved in regionalizing sewer treatment and so far has received grant funds from the U.S. Army Corps of Engineers totaling \$4.8 million dollars for regionalizing wastewater treatment. Approximately \$4 million of this amount is dedicated to the connection of SMD No. 3 to SMD No. 2. Additionally, the County has obtained financial assistance from the California State Water Resources Control Board State Revolving Fund (SRF) in the amount of \$9.7 million dollars in order to complete the project.

Governance and Management

The County's Wastewater Entities are independent special districts that are governed by the Board of Supervisors of the County and are operated by the Environmental Utilities Division of the County's Department of Facility Services. The senior management of the Department consists of the following personnel:

BILL ZIMMERMAN, Deputy Director. Mr. Zimmerman attended California State University - Chico, has a degree in Engineering, and is a Professional Civil Engineer. Mr. Zimmerman has been employed with the County since 1989 and is currently Deputy Director of the Department of Facility Services responsible for the Environmental Engineering and Utilities Division. Mr. Zimmerman has extensive experience in managing solid waste and sewer operations.

MARY DIETRICH, Director of Facility Services. Ms. Dietrich attended California State University – Davis, and has a degree in Environmental Design. Ms Dietrich has been employed with the County since 1982, serving as a Senior Project Manager, Property Manager, Deputy Director, and Assistant of the Department of Facility Services. In her current capacity of Director of Facility Services, Ms. Dietrich manages a large general services department which provides custodial and maintenance service for over 1.5 million square feet of occupied space, new facility construction, property management, park development and maintenance, wastewater services including plant operations, and county-wide solid waste services including maintenance of, and operation of, active and closed landfills. Ms. Dietrich has extensive experience in managing construction projects, and in government management.

Employees

The Environmental Utilities Division of the County's Department of Facility Services manages the sewer, drainage and water operations throughout the County, including the County's Wastewater Entities, with 56 full-time employees, which includes the Division Manager, a twelve-member engineering/permitting group, five treatment plant operators, a five-member construction management group, two laboratory technicians, twenty five utility service workers, a project manager, a clerk, a Technology Solutions Analyst, and a GIS technician. Labor costs are budgeted for each of the County's Wastewater Entities and unforeseen labor needs are provided on a cost basis. All of the non-management employees are unionized. The County has not had any work stoppages by its employees.

Wastewater Collection Facilities

SMD No. 2 is comprised of approximately 118 miles of six to twenty-one inch sewer pipe and 7 lift stations. CSA No. 2A is comprised of ten miles of six to twenty-one inch sewer pipe and three sewage pump stations. In 2003 the County created CSA No. 173 to provide wastewater services to the Dry Creek Community Plan Area. CSA No. 173 is comprised of two lift stations and approximately twenty-four miles of 6 inch to 15 inch trunk sewers, including approximately two miles of force-main connecting the system to the Dry Creek Treatment Plant.

Wastewater Permits, Licenses and Other Regulations

The County's Wastewater Entities are subject to permit requirements and regulation by the California Regional Water Quality Control Board.

Wastewater Service Area and Customers

The following tables show the current number of equivalent dwelling units and connections served by SMD No. 2, CSA No. 2A and CSA No. 173 by class of user and revenues by class of user.

**County's Wastewater Entities
Number of Equivalent Dwelling Units
by Class of User
As of June 30, 2013⁽¹⁾**

<u>Class of User</u>	<u>SMD No. 2</u>	<u>CSA No. 2A</u>	<u>CSA No. 173</u>	<u>Total</u>
Residential	6,112	0	1,206	7,318
Commercial/Industrial	1,009	1,180	56	2,245
Total	7,121	1,180	1,262	9,563

(1) Note: Equivalent Dwelling Units vary from year to year based upon a variety of factors, including changes in business type, refunds etc.

(2) See "Rates and Charges – Current Service Charges and Billing" below.

Source: Placer County

**County's Wastewater Entities
Number of Connections
by Class of User
As of June 30, 2013**

<u>Class of User</u>	<u>SMD No. 2</u>	<u>CSA No. 2A</u>	<u>CSA No. 173</u>	<u>Total</u>
Residential	5,844	0	1,199	7,043
Commercial/Industrial	120	139	10	269
Total	5,964	139	1,209	7,312

* See "Rates and Charges – Current Service Charges and Billing" below.

Source: Placer County

**County's Wastewater Entities
Revenues⁽¹⁾ by Class of User
Fiscal Year Ended June 30, 2013**

<u>Class of User</u>	<u>SMD NO. 2</u>	<u>CSA No. 2A</u>	<u>CSA No. 173</u>	<u>Total</u>	<u>Percentage</u>
Residential	\$3,529,313	\$0	\$551,962	\$4,081,275	85.78%
Commercial/Industrial	582,637	468,130	25,630	676,397	14.22
Total	\$4,111,950	\$468,139	\$577,592	\$4,757,672	100.00%

(1) Includes revenues generated from wastewater service charges and local connection fees.

(2) See "Rates and Charges – Current Service Charges and Billing" below.

Source: Placer County

The following table shows the five largest users of County's Wastewater Entities by revenues during the Fiscal Year ended June 30, 2013.

**Five Largest Users
Fiscal Year Ended June 30, 2013**

<u>User</u>	<u>Revenue⁽¹⁾</u>	<u>Percentage of Total Revenues</u>
Formica	\$64,608	<1%
Granite Bay High School	54,698	<1
Granite Bay Mobile Home Park	41,246	<1
Envirotech	40,627	<1
AT&T	31,964	<1
Total	\$233,143	<5%

(1) Includes revenues generated from wastewater service charges and local connection fees.

Source: Placer County

Rates and Charges

The rate setting method for user fees for the County's Wastewater Entities is as follows:

(1) A budget is prepared for each of the County's Wastewater Entities. Each budget consists of four parts: wastewater treatment charges from the City of Roseville; maintenance costs to operate the wastewater collection systems that transport sewage to the City of Roseville; maintenance related improvement projects; and capital improvement projects.

(2) Local Connection Fees fund capital improvement projects for the wastewater collection systems of the County's Wastewater Entities.

(3) The City of Roseville estimates the cost of providing wastewater treatment to each of the County's Wastewater Entities each year. The cost of operation and maintenance related projects are then estimated and the total cost of operation and maintenance are combined.

(4) The estimated operations and maintenance cost is divided by the total number of equivalent dwelling units connected to the wastewater collection system of each of the County's Wastewater Entities. The result is the needed user fee for the proposed budget.

(5) If the fee needs to be increased, recommended increases are presented to the County's Board of Supervisors for approval at a public hearing in accordance with Proposition 218.

See "RISK FACTORS --Articles XIIIC and XIID of the California Constitution" in the forepart of this Official Statement.

Current Service Charges and Billing. The current sewer service charge per equivalent dwelling unit is \$48.12 per month for SMD No. 2, \$33.06 for CSA No. 2A and \$38.14 for CSA No. 173. The Placer County Assessor collects the majority of these fees twice a year in conjunction with property taxes. Properties that are exempt from property taxes are billed for sewer service directly.

Current Connection Charges. A connection fee is a one-time fee for a new, additional or larger connection to the County's Wastewater Entities. Because connection fees are primarily collected on new construction within the County, revenues obtained from such fees vary based on the level of construction activity. The connection fees are a combination of the Regional Connection Fee and a Local Connection Fee charged by each of the County's Wastewater Entities. The fees are projected based on capital improvements plans and are adjusted for inflation. When a fee adjustment is proposed by either the City of Roseville (with respect to the Regional Connection Fee) or by County staff (with respect to the Local Connection Fee), the proposed new connection fee is presented to the County's Board of Supervisors for approval at a public hearing.

The current connection fees for the County's Wastewater Entities are:

<u>Entity</u>	<u>Regional Connection Fee</u>	<u>Local Connection Fee</u>
SMD No. 2	\$6,787	\$1,468
CSA No. 2A	6,787	1,468
CSA No. 173	6,787	1,468

See "SECURITY FOR THE BONDS -- Funding Agreement -- Rate Stabilization Fund; Regional Connection Fees."

Historical Rates and Charges

The following table shows the historical monthly rates per Equivalent Dwelling Unit ("EDU") for the last five years for each of the County's Wastewater Entities.

**Historical Monthly Rates per Equivalent Dwelling Unit
From Fiscal Year Ended June 30, 2006 Through Fiscal Year June 30, 2013**

<u>Fiscal Year (June 30)</u>	<u>SMD No. 2</u>	<u>CSA No. 2A</u>	<u>CSA No. 173</u>
2013-14	\$48.12	\$33.06	\$38.14
2012-13	48.12	33.06	38.14
2011-12	48.12	33.06	38.14
2010-11	48.12	33.06	38.14
2009-10	48.12	33.06	38.14

Delinquencies. The majority of the user fees are collected on the property tax rolls. Several years ago, the County implemented a "Teeter" program. The County's Wastewater Entities are guaranteed 99% of the fee submitted each year for inclusion on the tax rolls.
Financial Information

Budgetary Process. The operating budgets for the County's Wastewater Entities are developed on an annual basis. The budgets are presented on an objective basis, and are developed to achieve identified objectives at the lowest possible cost to the rate-payers.

Financial Statements. The table below presents summaries of financial data relating to the County's Wastewater Entities for the Fiscal Years ended June 30, 2010 through 2013. This data is extracted from the County's audited financial statements for such years. The County's audited financial statements are currently audited by Macias, Gini & O'Connell LLP, Sacramento, California, in accordance with generally accepted auditing standards, and contains opinions that the financial statements present fairly the financial position of the various funds maintained by the County. The report includes certain notes to the financial statements that may not be fully described below. Such notes constitute an integral part of the audited financial statements. See APPENDIX D-2 -- "FINANCIAL INFORMATION CONCERNING CERTAIN OF THE COUNTY OF PLACER'S WASTEWATER ENTITIES."

Significant Accounting Policies. The accounting policies of the County conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. See Note 1 to Appendix D-2 for more information on significant accounting policies of the County.

**Combined Enterprise Funds for County's Wastewater Entities
Summary of Historical Results⁽¹⁾
Fiscal Year Ended June 30, 2009 through 2013**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Gross Revenues:					
Wastewater Service Charges	\$5,119,062	\$5,137,021	\$5,200,700	\$5,195,598	\$5,190,999
Local Connection Fees ⁽¹⁾	95,051	19,637	64,467	129,418	92,812
Interest Income	390,253	413,779	136,688	252,280	33,335
Other Revenue	<u>544,530</u>	<u>403,155</u>	<u>395,634</u>	<u>379,246</u>	<u>946,106</u>
Total Gross Revenues	6,148,896	5,973,592	5,797,489	5,956,542	6,263,252
Participant Local Operation and Maintenance Costs ⁽²⁾	1,856,001	1,704,038	3,524,057	2,212,771	2,707,200
Regional Operation & Maintenance Costs ⁽³⁾	<u>2,326,788</u>	<u>2,280,001</u>	<u>2,007,381</u>	<u>1,897,463</u>	<u>1,673,823⁽⁵⁾</u>
Total Operation & Maintenance Costs ⁽⁴⁾	4,182,789	3,984,039	5,531,438	4,110,234	4,381,023
Participant Net Revenues	1,966,107	1,989,553	266,051	1,846,308	1,882,229
Debt Service:					
Proportionate Share of Debt Service ⁽³⁾	1,243,864	1,088,718	1,206,309	2,069,268	1,587,209
RSF Withdrawal for Debt Service	(1,243,864)	(1,088,718)	(1,206,309)	(2,069,268)	(1,587,209)
Proportionate Share of Debt Service Net of RSF Draws	0	0	0	0	0
Net Revenues Available after Debt Service	\$1,966,107	\$1,989,553	\$266,051	\$1,846,308	\$1,882,229

Source: Placer County.

(1) Regional Connection Fees were transferred to City of Roseville for deposit into the Regional Construction Fund.

(2) Amounts include payments to City of Roseville for County's share of rehabilitation costs.

(3) Information provided by the City of Roseville.

(4) Operation & Maintenance Costs exclude depreciation and include both local collection system operation and maintenance costs and County's share of Regional Operation & Maintenance Costs.

(5) Removed one-time reallocation payment of \$6.2 million for deposit into the RSF.

Unrestricted Cash Reserves

The County's current reserve balances per Wastewater Entity are listed in the table below as of March 31, 2014.

**County's Current Reserve Balances per Wastewater Entity
as of March 31, 2014**

<u>County Wastewater Entity</u>	<u>Reserve Balance</u>
SMD No. 2	\$6,798,460
CSA No. 2A	1,019,148
CSA No. 55	151,848
CSA No. 173	<u>288,428</u>
Total	\$8,257,884

Management's Discussion and Analysis.

The following discussion relates to certain items shown in the table above.

Gross Revenues. Gross Revenues for the County's Wastewater Entities, not including Regional Connection Fees, have remained stable in recent years, increasing slightly from \$6.15 million in the Fiscal Year ended June 30, 2009 to \$6.26 million in the Fiscal Year ended June 30, 2013. Revenues have remained relatively static over the last five years due to the downturn in the economy and a decline in development, which has an effect on local connection fees. See "Historical Rates and Charges" above.

The decrease in Interest Revenue in Fiscal Year 2013 was due to cancellation of reserves for the County's contribution to the Rate Stabilization Fund and lower interest rates.

Operations and Maintenance Costs. Over the last five years (Fiscal Year ending June 30, 2009 to June 30, 2013), Operations & Maintenance Costs for the County fluctuated within the range of \$1.7 million and \$3.5 million. This variance is due primarily to the amount of rehabilitation work performed in a given fiscal year.

Outstanding Long-Term Obligations

The County's obligations under the Funding Agreement and the Reallocation and Repayment Agreement are the County's only long-term obligations payable from revenues of the County's Wastewater Utilities detailed in this Appendix.

Insurance

The County is exempt from insurance requirements of the State of California and is therefore legally uninsured. However, the County does maintain a self-insurance fund for purposes of either general liability or automobile liability claims, up to \$1,000,000 per person. The County carries excess General/Automobile Liability Insurance up to \$10,000,000 per accident. The County is also self-insured for Workers' Compensation coverage up to \$125,000 and carries Excess Workers' Compensation coverage above \$125,000 to the statutory limit.

Investment Policy

The County Treasurer manages, in accordance with California Government Code Section 53600 et seq., funds deposited in the Treasury by the County, all County school districts, various special districts, including the County's Wastewater Entities and some cities within the County. State law requires that all moneys of the County, school districts and certain special districts be held in the County Treasury. The County Treasurer accepts funds only from agencies located within the County. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, state and federal funding and other fees and charges.

Moneys deposited in the County Treasury by the participants represent an undivided interest in all assets and investments in the County Treasury based upon the amount deposited and the average daily balances. All investments in the County Treasurer's investment pool are amortized and accrued monthly and are priced on a monthly basis for informational purposes. Gains and losses are recorded when they are actually realized upon sale or other disposition of an investment and adjusting entries for market value are made at year-end if necessary as required by GASB 31. Investment earnings, less actual treasury administrative cost, are distributed monthly to all pool participants on a pro-rata basis based on average daily balance.

The County's investment policy states that preservation of capital and maintenance of liquidity shall be of primary concern with earnings to be at market rates of return commensurate with minimum levels of risk. The County Treasurer maintains a reserve of cash and cash equivalents projected to be more than sufficient to meet foreseeable liquidity needs. The policy allows for the purchase of a variety of securities as specified by California Government Code Sections 53601 and 53635 with further limitations and specifications regarding market risk, maturity, credit ratings and diversification. The County's Treasury Review Panel duties include

reviewing and monitoring the investment policy prior to being submitted to the Board of Supervisors by the County Treasurer. Copies of the County's investment policy can be obtained from the County Treasurer-Tax Collector, 2976 Richardson Drive, Auburn, California 95603.

Retirement Benefits

All full and part-time permanent County employees and certain extra help employees who have worked over 1,000 hours in a fiscal year are eligible to participate in the California Public Employees Retirement System ("CalPERS"). The County's Safety and Miscellaneous Plans are part of the Public Agency portion of CalPERS. Elected officials may also participate at their option. Benefits vest after five years of service. To be eligible for retirement an employee must be at least 50 years of age and have five years of CalPERS credited service. Effective January 1, 2013, new CalPERS members are subject to the Public Employees' Pension Reform Act (PEPRA) and to be eligible for retirement, an employee must be at least 52 years of age and have five years of CalPERS credited service.

For the Fiscal Year ended June 30, 2013, the County's annual pension cost of \$39,764,000 for CalPERS was equal to the County's required and actual contributions. A portion of this cost was allocable to the County's Wastewater Entities. The annual required contribution ("ARC") for the fiscal year ended June 30, 2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with contributions determined as a percentage of covered payroll.

As of June 30, 2012, the most recent actuarial valuation date, the Miscellaneous Plan was 74.9% funded. The actuarial accrued liability for benefits was \$923,168,000, and the actuarial value of plan assets was \$691,246,000, resulting in an unfunded actuarial accrued liability ("UAAL") of \$231,922,000. A portion of this cost was allocable to the County's Wastewater Entities. The covered payroll (annual payroll of active employees covered by the plan) was \$133,076,000, and the ratio of the UAAL to the covered payroll was 174.3%.

Other Post Employment Benefits

The County provides post retirement healthcare benefits to its retirees under its Retiree Healthcare Plan ("OPEB Plan") in accordance with various labor agreements. The County contributes to the California Employers' Retiree Benefit Trust ("CERBT"), an agent multiple employer plan administered by CalPERS.

In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the County are eligible to receive healthcare benefits for life. The County provides postretirement medical and dental benefits to employees who retire directly from the County after age 50 and with five years of County service and ten years of CalPERS service if hired after January 1, 2005. Employees hired after October 14, 2010 (November 23, 2010 if Deputy Sheriff Association employee) are not eligible to receive retiree dental benefits. Eligible retirees can continue participation in the medical and dental plans, with the County contributing up to a cap, which varies by bargaining unit.

During the fiscal year ended June 30, 2013, the County contributed \$37,629,000 to the OPEB Plan, of which a portion was allocable to the County's Wastewater Entities. Of this amount, the County paid \$11,779,000 to retirees during the year and \$25,850,000 to the

CERBT. The purpose of these contributions was to cover the ARC rate of \$7,000 per employee (excluding extra help) and to prefund as determined annually.

As of June 30, 2013, the most recent valuation date, the OPEB Plan was 57% funded. The actuarial accrued liability for benefits was \$316,085,000, and the actuarial value of plan assets was \$180,202,000, resulting in a UAAL of \$135,883,000. A portion of this cost was allocable to the County's Wastewater Entities. The covered payroll (annual payroll of active employees covered by the plan) was \$171,129,000, and the ratio of the UAAL to the covered payroll was 79.4%.

APPENDIX D-2

**FINANCIAL INFORMATION CONCERNING CERTAIN OF THE COUNTY OF PLACER'S
WASTEWATER ENTITIES**

[The information in this Appendix D-2 referring to "Sunset Whitney Sewer" relates to
CSA No. 2A.]

APPENDIX E

GENERAL DEMOGRAPHIC INFORMATION CONCERNING THE COUNTY OF PLACER

The following information is included only for the purpose of supplying general information regarding Placer County (the "County"). This information is provided only for general informational purposes, and provides prospective investors limited information about the County and its economic base. The Bonds are not a debt of the County, the State or any of their respective political subdivisions, and none of the County, the State or any of their respective political subdivisions is liable therefor.

General and Location

The County, which covers an estimated area of 1,500 square miles, is bordered by the State of Nevada on the east, Nevada County on the north, Yuba and Sutter Counties on the west and by Sacramento and El Dorado Counties on the south. The County is included (along with Sacramento County and El Dorado County in the three-county Sacramento Metropolitan Statistical Area. There are six incorporated cities in the County, of which four (Auburn, Lincoln, Rocklin and Roseville) have populations of 10,000 or more, with Auburn being the County seat.

Organization

The California Legislature approved the formation of the County in 1851 from portions of what were then Sutter and Yuba Counties. The County is a charter county divided into five districts on the basis of registered voters and population. The County is governed by a five member, non-partisan Board of Supervisors who serves alternate four-year terms. The Supervisors elect one of the members as chairman annually and make program and policy decisions for the County. The County Administration includes appointed and elected officials, boards, commissions, and committees that assist the Board of Supervisors in making decisions.

A wide range of services is provided by the County to its residents, including deputy sheriff and fire protection, medical and health services, education, library services, judicial institutions, a variety of public assistance programs and other programs. Additional services are provided to residents in specific areas by special districts and service or improvement areas. Some municipal services are provided to incorporated cities within the County boundaries on a contract basis. This permits cities to contract for services without incurring the cost of creating numerous city departments and facilities.

Topography and Climate

The County offers a great variety of elevations and terrain. From a minimum of 40 feet above sea level in the southwestern corner of the County near Roseville, the land rises to an elevation of 9,000 feet at the summit of the Sierra Nevada Mountains, near the County's northeastern boundary. The western portion of the County, an area of rolling foothills, provides the site for several large industrial areas and a major railroad marshaling and switching yard. To the northeast, the terrain becomes more mountainous, advancing from orchard land to high elevation timberland. The eastern side of the County, particularly the area surrounding Lake Tahoe, provides a setting for high-altitude winter sports and summer recreational activities. Over much of its length, the County is bounded by the American and Bear Rivers.

The climate in the lower elevations is generally characterized by warm summers and mild winters. The higher elevations experience the extremes of winter typical of such climates. In the more populated areas, monthly averages of daily extreme temperatures range from 39 degrees Fahrenheit minimum to 52 degrees Fahrenheit maximum in January, and 58 degrees Fahrenheit and 90 degrees Fahrenheit in July. The average annual rainfall is 36 inches, with an average annual snowfall of 216 inches in the Lake Tahoe area. Approximately 90% of average annual rainfall occurs in the six-month period extending from November to April.

Population

The following table shows population estimates for the County and the State as of January 1 for the past five calendar years.

**PLACER COUNTY
Population Estimates
Calendar Years 2010 through 2014**

Year	Placer County	California
2010	347,133	37,223,900
2011	351,463	37,427,946
2012	355,328	37,678,563
2013	357,463	37,966,471
2014	366,115	38,340,074

Source: California State Department of Finance, Demographic Research Unit.

Effective Buying Income

Effective buying income (“EBI”) is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of Owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the County, the State of California and the United States.

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2008 through 2012 (the most recent year for which annual data is available).

**Effective Buying Income
As of January 1, 2008 through 2012†**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	Placer County	\$ 9,416,798	\$56,445
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Placer County	\$ 9,911,191	\$59,331
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Placer County	\$ 9,455,123	\$56,109
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Placer County	\$ 9,797,178	\$55,993
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012†	Placer County	\$ 9,955,120	\$55,173
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

† Most recent annual data available.
Source: *The Nielsen Company (US), Inc.*

Employment and Industry

The table below provides information about employment by industry type for the County for calendar years 2008 through 2012 (the most recent year for which annual data is available).

PLACER COUNTY Employment by Industry Annual Averages

	2008	2009	2010	2011	2012 [†]
Civilian Labor Force ⁽¹⁾	177,300	179,800	176,900	177,900	178,800
Employment	165,900	161,000	156,600	158,800	162,000
Unemployment	11,400	18,700	20,300	19,100	16,800
Unemployment Rate	6.4%	10.4%	11.5%	10.8%	9.4%
Wage and Salary Employment ⁽²⁾					
Agriculture	400	300	300	400	400
Natural Resources and Mining	100	100	100	0	0
Construction	12,300	9,200	8,400	8,100	8,400
Manufacturing	7,900	7,000	6,600	6,600	6,300
Wholesale Trade	4,200	4,000	3,700	3,700	4,100
Retail Trade	20,900	19,000	19,300	19,800	20,600
Transportation, Warehousing and Utilities	2,900	3,000	3,000	2,800	2,900
Information	2,400	2,500	2,500	2,300	2,300
Finance and Insurance	7,700	7,200	7,000	7,200	7,600
Real Estate and Rental and Leasing	3,000	2,700	2,700	2,600	2,700
Professional and Business Services	14,600	12,800	13,000	13,300	13,900
Educational and Health Services	16,700	17,100	18,100	19,300	20,400
Leisure and Hospitality	19,300	18,000	18,100	18,500	18,700
Other Services	4,700	4,700	4,500	4,700	5,000
Federal Government	700	700	800	700	700
State Government	700	800	800	800	700
Local Government	18,500	17,200	17,300	16,700	17,300
Total, All Industries ⁽³⁾	136,900	126,300	126,200	126,500	131,800

† Most recent annual data available.

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Figures may not total due to rounding.

Source: State of California Employment Development Department.

Major Employers

The table below lists the largest employers in the County as of 2014.

PLACER COUNTY Major Employers 2014

Employer Name	Location	Industry
Adventist Health	Roseville	Health Services
Agilent Technologies Inc	Roseville	Instruments-Measuring (Mfrs)
Alpine Meadows	Alpine	Resorts
AT&T	Meadows	Telephone Companies
C-Tech Systems Inc	Auburn	Computers-Service & Repair
Composite Engineering Inc	Roseville	Engineers-Professional
Kaiser Roseville Medical Ctr	Roseville	Hospitals
Northstar At Tahoe Resort	Roseville	Resorts
Oracle	Truckee	Computer Software-Manufacturers
Placer County Fire Dept	Rocklin	County Government-Fire Protection
Placer County Food Stamps	Auburn	County Gov't-Social/Human Resources
Placer County of Education	Auburn	Schools
Placer County Sheriff	Auburn	Sheriff
Progressive Technology	Auburn	Machine Shops (Mfrs)
Resort At Squaw Creek	Rocklin	Hotels & Motels
Ritz-Carlton-Lake Tahoe	Alpine	Hotels & Motels
Roseville Golfand-Sun	Meadows	Hotels & Motels
Splash	Truckee	Hotels & Motels
Roseville Toyota & Scion	Roseville	Water Parks
Sheriff's Training	Roseville	Automobile Dealers-New Cars
Sutter Roseville Medical Ctr	Roseville	Sheriff
Tami Saner & Assoc	Auburn	Hospitals
Thunder Valley Casino	Roseville	Real Estate
Unfi Western Region Div	Roseville	Casinos
Union Pacific Railroad Co	Lincoln	Food Products (Whls)
Walmart Supercenter	Rocklin	Railroads
	Roseville	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database 2014 2nd Edition

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 is not comparable to that of prior years. A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year 2012 in the County were reported to be \$7,065,597,000, a 7.57% increase over the total taxable sales of \$6,568,195,000 reported during the calendar year 2011. Annual figures are not yet available for 2013.

PLACER COUNTY Taxable Transactions Calendar Years 2008 through 2012[†] (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	5,841	5,009,849	12,104	6,634,810
2009 ⁽¹⁾	7,819	4,453,186	11,135	5,796,644
2010 ⁽¹⁾	8,110	4,678,785	11,439	6,017,542
2011 ⁽¹⁾	7,803	5,112,781	11,120	6,568,195
2012 ⁽¹⁾	8,272	5,613,981	11,621	7,065,597

[†] Most recent annual data available.

(1) Not comparable to 2007 and 2008. "Retail" category now includes "Food Services."

Source: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax)*.

Construction Activity

The following table shows a five-year summary of the valuation of building permits issued in the County. Annual figures are not yet available for 2013.

PLACER COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	2008	2009	2010	2011	2012
<u>Permit Valuation</u>					
New Single-family	\$353,462.9	\$257,838.2	\$272,263.0	\$230,831.8	\$431,611.6
New Multi-family	31,846.0	25,595.7	11,385.1	6,549.5	11,368.0
Res. Alterations/Additions	<u>57,459.6</u>	<u>41,270.3</u>	<u>50,586.8</u>	<u>62,155.8</u>	<u>35,481.3</u>
Total Residential	\$442,768.5	\$324,704.2	\$334,234.9	\$299,537.1	\$478,460.9
New Commercial	120,409.3	7,200.2	5,551.8	7,014.3	44,303.0
New Industrial	4,140.4	0.0	0.0	860.0	164.0
New Other	58,423.4	29,275.1	29,303.2	12,112.3	414.5
Com. Alterations/Additions	<u>116,531.9</u>	<u>77,101.0</u>	<u>73,789.4</u>	<u>88,639.9</u>	<u>55,512.0</u>
Total Nonresidential	\$299,505.1	\$113,576.3	\$108,644.4	\$108,626.5	\$100,393.5
<u>New Dwelling Units</u>					
Single Family	1,330	1,056	1,090	802	1,209
Multiple Family	<u>383</u>	<u>259</u>	<u>79</u>	<u>28</u>	<u>111</u>
TOTAL	<u>1,713</u>	<u>1,315</u>	<u>1,169</u>	<u>830</u>	<u>1,320</u>

Source: California Homebuilding Foundation Construction Industry Research Board, Building Permit Summary.

Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County, connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in Roseville, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport is located 17 miles west of Roseville via I-80 and I-5. Served by ten major carriers and several commuter airlines, as well as air-freight carriers, Metro handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length. Lincoln Municipal Airport is located nine miles north of Roseville and offers fueling and

maintenance services to private aircraft. Lincoln Municipal has an elevation of 119 feet and a 6,000-foot runway. Corporate aviation and fixed based operations from Lincoln Municipal provide daily service to the San Francisco Bay area.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

The Port of Sacramento is located approximately 38 miles from the City of Roseville. The Port handles ocean-going freighters via San Francisco Bay. Warehouses and conveyor systems are equipped with vacuum dust collectors, permitting rapid loading of ordinary dusty commodities without environmental pollution. A \$46 million expansion project will accommodate the majority of the bulk cargo vessels, as well as general container cargo vessels.

APPENDIX F

BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Series 2014 Bonds, payment of principal, interest and other payments on the Series 2014 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series 2014 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the Series 2014 Bonds (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the Series 2014 Bonds (the “**Agent**”) take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers,

banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

APPENDIX H
FORM OF BOND COUNSEL OPINION

APPENDIX I

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS FOR THE SERIES 2014 BONDS

CONTINUING DISCLOSURE AGREEMENT – SOUTH PLACER WASTEWATER AUTHORITY

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the South Placer Wastewater Authority (the “Authority”), a joint powers authority duly organized and existing under the laws of the State of California, and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent (the “Dissemination Agent”), in connection with the issuance by the Authority of its [\$30,000,000] Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds) (the “Bonds”). The Bonds are being issued pursuant to a Wastewater Revenue Bond Indenture, dated as of April 1, 2011 (the “Master Indenture”), as previously supplemented and as supplemented by a Fifth Supplemental Wastewater Revenue Bond Indenture, dated as of August 1, 2014 (the “Fifth Supplemental Indenture” and, collectively with the Master Indenture and the previous supplements, the “Indenture”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) for the purpose of providing funds, together with other available moneys, to refund the Authority’s outstanding Variable Wastewater Revenue Refunding Bonds, Series 2011D and to pay costs of issuance related thereto. The Bonds are secured by and payable from payments from the County of Placer, the City of Roseville and the South Placer Municipal Utility District (collectively, the “Participants”) pursuant to an Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012 (the “Funding Agreement”), among the Authority and the Participants. In furtherance of Section 6.16 of the Indenture, the Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or the Funding Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms will have the following meanings:

“Annual Report” will mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” will mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” will mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority pursuant to Section 7 of this Disclosure Agreement.

“Holder” will mean the person in whose name any Bond will be registered.

“Listed Events” will mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

“MSRB” will mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” will mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” will mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Authority will, or will cause the Dissemination Agent to, not later than 210 days following the end of its Fiscal Year (which Fiscal Year as of the date hereof ends June 30), commencing with the report for the Fiscal Year ending June 30, 2014, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority’s Fiscal Year changes, it will give notice of such change in a filing with the MSRB. The Annual Report will be submitted on a standard form in use by industry participants or other appropriate form and will identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) business days prior to said date, the Authority will provide the Annual Report to the Dissemination Agent. If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority will, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent will file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report will contain or include by reference the following:

(a) The audited financial statement of the Authority for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Government Accounting Standards Board. If the audited financial statement of the Authority is not available by the time the Annual Report is required to be filed pursuant to Section 3, the Annual Report will contain an unaudited financial statement in a format similar to the financial statement contained in the final Official Statement relating to the Bonds (the “Official

Statement”), and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(b) To the extent not provided in the audited financial statement of the Authority required in subsection (a) above, an update of the following information contained in the Official Statement:

1. The balance in each Participant’s account in the Rate Stabilization Fund as of the end of the immediately preceding Fiscal Year;
2. The amount of Regional Connection Fees collected during the immediately preceding Fiscal Year;
3. The remaining available capacity of the Regional Wastewater System (as defined in the Official Statement) as of the end of the immediately preceding Fiscal Year; and
4. The Proportionate Share for each Participant.

Any or all of the items above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been made available to the public on the MSRB’s website. The Authority will clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Authority will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar events of the obligated person.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Authority will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Authority will determine if such event would be material under applicable federal securities laws.

(d) If the Authority learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(a) would be material under applicable federal securities laws, the Authority will, or will cause the Dissemination Agent, within ten (10) business days of occurrence file a notice of such

occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Authority's and the Dissemination Agent's obligations under this Disclosure Agreement will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority will give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent will not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days written notice to the Authority. If at any time there is not any other designated Dissemination Agent, the Authority will be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Authority which does not impose any greater duties, nor greater risk of liability, on the Dissemination Agent) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority will describe such amendment in the next Annual Report, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form)

between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement will be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Authority will have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the Authority or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement will be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement will inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and will create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Dated: _____, 2014

SOUTH PLACER WASTEWATER
AUTHORITY

By _____
Executive Director

ATTEST:

SOUTH PLACER WASTEWATER AUTHORITY

By _____
Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Dissemination
Agent

By _____
Authorized Representative

EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: South Placer Wastewater Authority

Name of Bond Issue: South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds)

Name of the Obligated Persons: South Placer Wastewater Authority, County of Placer, City of Roseville and South Placer Municipal Utility District

Date of Issuance: _____, 2014

NOTICE IS HEREBY GIVEN that the South Placer Wastewater Authority has not provided an Annual Report with respect to the above-named Bond Issue as required by Section 6.16 of the Indenture, dated as of April 1, 2011, as supplemented, between the Authority and The Bank of New York Mellon Trust Company, N.A. and by Section 13(o) of the Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012, between each of the Obligated Persons listed above. The South Placer Wastewater Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Dissemination Agent

CONTINUING DISCLOSURE AGREEMENT – COUNTY OF PLACER

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the County of Placer (the “County”), a political subdivision duly organized and existing under the laws of the State of California, and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent (the “Dissemination Agent”), in connection with the issuance by the South Placer Wastewater Authority (the “Authority”) of its of its [\$30,000,000] Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds) (the “Bonds”). The Bonds are being issued pursuant to a Wastewater Revenue Bond Indenture, dated as of April 1, 2011 (the “Master Indenture”), as previously supplemented and as supplemented by a Fifth Supplemental Wastewater Revenue Bond Indenture, dated as of August 1, 2014 (the “Fifth Supplemental Indenture” and, collectively with the Master Indenture and the previous supplements, the “Indenture”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) for the purpose of providing funds, together with other available moneys, to refund the Authority’s outstanding Variable Wastewater Revenue Refunding Bonds, Series 2011D and to pay costs of issuance related thereto. The Bonds are secured by and payable from payments from the County, the City of Roseville and the South Placer Municipal Utility District (collectively, the “Participants”) pursuant to an Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012 (the “Funding Agreement”), among the Authority and the Participants. In furtherance of Section 6.16 of the Indenture, the County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or the Funding Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms will have the following meanings:

“Annual Report” will mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” will mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” will mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County pursuant to Section 7 of this Disclosure Agreement.

“Holder” will mean the person in whose name any Bond will be registered.

“Listed Events” will mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

"MSRB" will mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

"Participating Underwriter" will mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" will mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The County will, or will cause the Dissemination Agent to, not later than 210 days following the end of its Fiscal Year (which Fiscal Year as of the date hereof ends June 30), commencing with the report for the Fiscal Year ending June 30, 2014, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's Fiscal Year changes, it will give notice of such change in a filing with the MSRB. The Annual Report will be submitted on a standard form in use by industry participants or other appropriate form and will identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) business days prior to said date, the County will provide the Annual Report to the Dissemination Agent. If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County will, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent will file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The County's Annual Report will contain or include by reference the following:

(a) The audited financial statement of the County for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Government Accounting Standards Board. If the audited financial statement of the County is not available by the time the Annual Report is required to be filed pursuant to Section 3, the Annual Report will contain an unaudited financial statement in a format similar to the financial statement contained in the final Official Statement relating to the Bonds (the "Official Statement"), and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(b) To the extent not provided in the audited financial statement of the County required in subsection (a) above, an update as of the end of the immediately preceding Fiscal Year of the following information contained in Appendix D-1 to the Official Statement:

1. Tables entitled "County's Wastewater Entities Number of Equivalent Dwelling Units by Class of User," "County's Wastewater Entities Number of Connections by Class of User," "County's Wastewater Entities Revenues by Class of User" and "Five Largest Users";

2. A summary of the historical results of the information contained in the table entitled "Combined Enterprise Funds for County's Wastewater Entities Summary of Historical Results" for the immediately preceding Fiscal Year;

3. Service charges, connection charges and the amount of uncollected delinquencies; and

4. Participant Net Revenue and Rate Covenant Debt Service.

Any or all of the items above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County will clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar events of the obligated person.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a

receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The County will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the County will determine if such event would be material under applicable federal securities laws.

(d) If the County learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(a) would be material under applicable federal securities laws, the County will, or will cause the Dissemination Agent, within ten (10) business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's and the Dissemination Agent's obligations under this Disclosure Agreement will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County will give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent will not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days written notice to the County. If at any time there is not any other designated Dissemination Agent, the County will be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the County which does not impose any greater duties, nor greater risk of liability, on the Dissemination Agent) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County will describe such amendment in the next Annual Report, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement will be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or

including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the County will have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the County or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement will be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement will inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and will create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Dated: _____, 2014

COUNTY OF PLACER

By: _____
Chair

ATTEST:

By: _____
Clerk of the Board

APPROVED AS TO FORM:

By: _____
County Counsel

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Dissemination Agent

By: _____
Authorized Representative

EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: South Placer Wastewater Authority

Name of Bond Issue: South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds)

Name of the Obligated Persons: South Placer Wastewater Authority, County of Placer, City of Roseville and South Placer Municipal Utility District

Date of Issuance: _____, 2014

NOTICE IS HEREBY GIVEN that the County of Placer has not provided an Annual Report with respect to the above-named Bond Issue as required by Section 13(o) of the Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012, between each of the Obligated Persons listed above. The County of Placer anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Dissemination Agent

cc: South Placer Wastewater Authority

CONTINUING DISCLOSURE AGREEMENT – SOUTH PLACER MUNICIPAL UTILITY DISTRICT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the South Placer Municipal Utility District (the “District”), a municipal utility district duly organized and existing under the laws of the State of California, and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent (the “Dissemination Agent”), in connection with the issuance by the South Placer Wastewater Authority (the “Authority”) of its [\$30,000,000] Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds) (the “Bonds”). The Bonds are being issued pursuant to a Wastewater Revenue Bond Indenture, dated as of April 1, 2011 (the “Master Indenture”), as previously supplemented and as supplemented by a Fifth Supplemental Wastewater Revenue Bond Indenture, dated as of August 1, 2014 (the “Fifth Supplemental Indenture” and, collectively with the Master Indenture and the previous supplements, the “Indenture”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) for the purpose of providing funds, together with other available moneys, to refund the Authority’s outstanding Variable Wastewater Revenue Refunding Bonds, Series 2011D and to pay costs of issuance related thereto. The Bonds are secured by and payable from payments from the District, the County of Placer and the City of Roseville (collectively, the “Participants”) pursuant to an Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012 (the “Funding Agreement”), among the Authority and the Participants. In furtherance of Section 6.16 of the Indenture, the District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or the Funding Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms will have the following meanings:

“Annual Report” will mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” will mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” will mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District pursuant to Section 7 of this Disclosure Agreement.

“Holder” will mean the person in whose name any Bond will be registered.

“Listed Events” will mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

“MSRB” will mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the

MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” will mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” will mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District will, or will cause the Dissemination Agent to, not later than 210 days following the end of its Fiscal Year (which Fiscal Year as of the date hereof ends June 30), commencing with the report for the Fiscal Year ending June 30, 2014, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s Fiscal Year changes, it will give notice of such change in a filing with the MSRB. The Annual Report will be submitted on a standard form in use by industry participants or other appropriate form and will identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) business days prior to said date, the District will provide the Annual Report to the Dissemination Agent. If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District will, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as **Exhibit A**.

(c) The Dissemination Agent will file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District’s Annual Report will contain or include by reference the following:

(a) The audited financial statement of the District for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Government Accounting Standards Board. If the audited financial statement of the District is not available by the time the Annual Report is required to be filed pursuant to Section 3, the Annual Report will contain an unaudited financial statement in a format similar to the financial statement contained in the final Official Statement relating to the Bonds (the “Official Statement”), and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(b) To the extent not provided in the audited financial statement of the District required in subsection (a) above, an update of the following information contained in Appendix C-1 the Official Statement:

1. Tables entitled “South Placer Municipal Utility District Number of Equivalent Dwelling Units and Connections by Class of User,” “South Placer Municipal Utility District

Wastewater Service Charge Revenue by Class of User” and “South Placer Municipal Utility District Five Largest Users”;

2. A summary of the historical results of the information contained in the table entitled “South Placer Municipal Utility District Summary of Historical Operating Results” for the immediately preceding Fiscal Year;

3. Service charges, connection charges and the amount of uncollected delinquencies; and

4. Participant Net Revenues and Rate Covenant Debt Service.

Any or all of the items above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB’s website. The District will clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar events of the obligated person.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement

or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District will determine if such event would be material under applicable federal securities laws.

(d) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(a) would be material under applicable federal securities laws, the District will, or will cause the Dissemination Agent, within ten (10) business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The District's and the Dissemination Agent's obligations under this Disclosure Agreement will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District will give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent will not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days written notice to the District. If at any time there is not any other designated Dissemination Agent, the District will be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the District which does not impose any greater duties, nor greater risk of liability, on the Dissemination Agent) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District will describe such amendment in the next Annual Report, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement will be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the District will have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or

specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement will be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement will inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and will create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Dated: _____, 2014.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

By: _____
General Manager

ATTEST:

By: _____
Secretary

APPROVED AS TO FORM:

By: _____
General Counsel

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Dissemination Agent

By: _____
Authorized Representative

EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: South Placer Wastewater Authority

Name of Bond Issue: South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds)

Name of the Obligated Persons: South Placer Wastewater Authority, County of Placer, City of Roseville and South Placer Municipal Utility District

Date of Issuance: _____, 2014

NOTICE IS HEREBY GIVEN that the South Placer Municipal Utility District has not provided an Annual Report with respect to the above-named Bond Issue as required by Section 13(o) of the Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012, between each of the Obligated Persons listed above. The South Placer Municipal Utility District anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Dissemination Agent

cc: South Placer Wastewater Authority

**CONTINUING DISCLOSURE AGREEMENT –
CITY OF ROSEVILLE**

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the City of Roseville (the “City”), a charter city duly organized and existing under the laws of the State of California, and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent (the “Dissemination Agent”), in connection with the issuance by the South Placer Wastewater Authority (the “Authority”) of its [\$30,000,000] Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds) (the “Bonds”). The Bonds are being issued pursuant to a Wastewater Revenue Bond Indenture, dated as of April 1, 2011 (the “Master Indenture”), as previously supplemented and as supplemented by a Fifth Supplemental Wastewater Revenue Bond Indenture, dated as of August 1, 2014 (the “Fifth Supplemental Indenture” and, collectively with the Master Indenture and the previous supplements, the “Indenture”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) for the purpose of providing funds, together with other available moneys, to refund the Authority’s outstanding Variable Wastewater Revenue Refunding Bonds, Series 2011D and to pay costs of issuance related thereto. The Bonds are secured by and payable from payments from the City, the County of Placer and the South Placer Municipal Utility District (collectively, the “Participants”) pursuant to an Amended and restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012 (the “Funding Agreement”), among the Authority and the Participants. In furtherance of Section 6.16 of the Indenture, the City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture or the Funding Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms will have the following meanings:

“Annual Report” will mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” will mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” will mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City pursuant to Section 7 of this Disclosure Agreement.

“Holder” will mean the person in whose name any Bond will be registered.

“Listed Events” will mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

"MSRB" will mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

"Participating Underwriter" will mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" will mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City will, or will cause the Dissemination Agent to, not later than 210 days following the end of its Fiscal Year (which Fiscal Year as of the date hereof ends June 30), commencing with the report for the Fiscal Year ending June 30, 2014, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it will give notice of such change in a filing with the MSRB. The Annual Report will be submitted on a standard form in use by industry participants or other appropriate form and will identify the Bonds by name and CUSIP number.

(b) Not later than fifteen (15) business days prior to said date, the City will provide the Annual Report to the Dissemination Agent. If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City will, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent will file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The City's Annual Report will contain or include by reference the following:

(a) The audited financial statement of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Government Accounting Standards Board. If the audited financial statement of the City is not available by the time the Annual Report is required to be filed pursuant to Section 3, the Annual Report will contain an unaudited financial statement in a format similar to the financial statement contained in the final Official Statement relating to the Bonds (the "Official Statement"), and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

(b) To the extent not provided in the audited financial statement of the City required in subsection (a) above, an update of the following information contained in Appendix B-1 to the Official Statement:

1. Tables entitled "Roseville Wastewater Utility Number of Dwelling Unit Equivalents and Connections by Class of User," "Roseville Wastewater Utility User Charge Revenues by Class of User" and "Roseville Wastewater Utility Five Largest Users";
2. A summary of the historical results of the information contained in the table entitled "City of Roseville Wastewater Utility Fund Summary of Historical Operating Results" for the immediately preceding Fiscal Year;
3. Service charges, connection charges and the amount of uncollected delinquencies; and
4. Participant Net Revenue and Rate Covenant Debt Service.

Any or all of the items above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been made available to the public on the MSRB's website. The City will clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender Offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar events of the obligated person.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding

under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. Modifications to rights of Bond holders;
3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City will determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(a) would be material under applicable federal securities laws, the City will, or will cause the Dissemination Agent, within ten (10) business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture. The Dissemination Agent will have no responsibility to determine the materiality of any of the Listed Events.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's and the Dissemination Agent's obligations under this Disclosure Agreement will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City will give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent will not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days written notice to the City. If at any time there is not any other designated Dissemination Agent, the City will be the Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the City which does not impose any greater duties, nor greater risk of liability, on the Dissemination Agent) and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City will describe such amendment in the next Annual Report, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement will be deemed to prevent the City from disseminating any other information, using the means of dissemination

set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the City will have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement will be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent will be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) will have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section will survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent will be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the City from time to time. The Dissemination Agent will have no duty or obligation to review any information provided to it by the City or hereunder and will not be deemed to be acting in any fiduciary capacity for the City, the Holders, Beneficial Owners or any other party.

Section 13. Beneficiaries. This Disclosure Agreement will inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and will create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Dated: _____, 2014

CITY OF ROSEVILLE

By _____
Treasurer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Dissemination
Agent

By: _____
Authorized Representative

EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: South Placer Wastewater Authority

Name of Bond Issue: South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds)

Name of the Obligated Persons: South Placer Wastewater Authority, County of Placer, City of Roseville and South Placer Municipal Utility District

Date of Issuance: _____, 2014

NOTICE IS HEREBY GIVEN that the City of Roseville has not provided an Annual Report with respect to the above-named Bond Issue as required by Section 13(o) of the Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012, between each of the Obligated Persons listed above. The City of Roseville anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON
TRUST
COMPANY, N.A., as Dissemination Agent

cc: South Placer Wastewater Authority