

Note: The Board may take action on any matter, however listed on this Agenda, and whether or not listed on this Agenda, to the extent permitted by applicable law. Staff Reports are subject to change without prior notice.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Recording Secretary to all or a majority of the SPWA Board less than 72 hours prior to that meeting are available for public inspection during normal business hours at the City of Roseville Corporation Yard, 2005 Hilltop Circle, Roseville California 95747.

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SOUTH PLACER WASTEWATER AUTHORITY

Bonnie Gore – Roseville
Jack Duran – Placer County
Jerry Mitchell – SPMUD – Vice Chair
Pauline Roccucci – Roseville
Robert Weygandt – Placer County, Chair

MINUTES OF BOARD OF DIRECTORS' MEETING January 29, 2015

The regular meeting of the South Placer Wastewater Authority Board of Directors was called to order at 9:30 a.m. at the Roseville Corporation Yard, 2005 Hilltop Circle, Roseville, CA.

Directors Present:

Bonnie Gore
Jack Duran
Jerry Mitchell
Pauline Roccucci
Robert Weygandt

Staff Present:

Paul Chrisman, JPA Counsel
Ken Glotzbach, Executive Director
Jay Panzica, Treasurer
Karen Sainsbury, Secretary

Roll Call

All Directors were present.

Introductions

The following were in attendance: Bob Schmitt, Richard Plecker, Carol Margetich, Janet Vargas, George Hanson, Monty Hanks, Sandra Ikeda, Vanessa Lieberman, and Jacquie Clarizio from the City of Roseville; Herb Niederberger from SPMUD; Bill Zimmerman and Kevin Bell from Placer County; and Brian Thomas with Public Financial Management.

Election of Chair and Vice Chair

A vote was taken as follows:

MOTION by Director Roccucci, seconded by Director Mitchell, to elect Director Weygandt as Chair.

Vote: Ayes: Duran, Gore, Mitchell, Roccucci, Weygandt
 Nos:
 Absent:

MOTION by Director Duran, seconded by Director Weygandt, to elect Director Mitchell as Vice-Chair.

Vote: Ayes: Duran, Gore, Mitchell, Roccucci, Weygandt

Nos:
Absent:

Approval of Minutes, June 26, 2014

A vote was taken as follows:

MOTION by Director Mitchell seconded by Director Gore to approve the June 26, 2014 minutes.

Vote: Ayes: Gore, Mitchell, Roccucci, Weygandt
 Nos:
 Abstain: Duran

Approval of Minutes, July 9, 2014

A vote was taken as follows:

MOTION by Director Roccucci seconded by Director Weygandt to approve the July 9, 2014 minutes.

Vote: Ayes: Duran, Mitchell, Roccucci, Weygandt
 Nos:
 Abstain: Gore

Old Business Items

None.

New Business Items

1. Resolution: Approval of Updated Authority Schedule of Regular Meeting Dates

MOTION by Director Duran seconded by Director Roccucci to approve Resolution 2015-01. The vote was unanimous.

2. Information: Debt Review

Vanessa Lieberman reported on the Authority's debt through December 31, 2014.

3. Information: Bond Portfolio Review

Brian Thomas reported on long term capital structuring options.

4. Information: Investment Review

Jacque Clarizio reported on the performance of the Authority's investments through November 30, 2014.

5. Resolution: Approval of Investment Policy Revision

Jacque Clarizio presented revisions to the Investment Policy and Swap Policy for the Board's review and approval.

Director Mitchell requested Page 7, Item XI, Internal Control, be retained in the document.

Motion by Director Mitchell seconded by Director Duran to approve Resolution No. 2015-02 adopting the revised Investment Policy per Director Mitchell's request. The vote was unanimous.

6. Resolution: Approval of CIP Projects (incl. PGWWTP Expansion Project) and CIP Mid-Year Budget Adjustments

Ken Glotzbach presented the addition of the Pleasant Grove Wastewater Treatment Plant Expansion Project and the mid-year adjustments to the FY2014-15 Capital Improvements Projects Budget and requested the Board's approval.

MOTION by Director Duran seconded by Director Roccucci to adopt Resolution 2015-03. The vote was unanimous.

7. Information: Financial Audit

Sandra Ikeda reported on the Audited Financial Statement and Memorandum of Internal Control for the period of July 1, 2013 to June 30, 2014.

8. Information: Agreed Upon Procedures and Connection Fee Programs

Janet Vargas reported on the Agreed Upon Procedures and Connection Fee Programs.

9. Information: Rate Stabilization Fund Balances

Sandra Ikeda provided an update on the Rate Stabilization Fund Balances as of November 30, 2014.

10. Information: Rate Stabilization Fund Summary/Available Resources

Sandra Ikeda reported on the Rate Stabilization Fund Summary and Available Resources for FY 2013-14 as well as FY 2014-15 estimates.

Public Comment

None.

Reports/Comments – Board Members/Staff

Ken Glotzbach expressed his appreciation to the County for their diligence in working through the connection fee payments.

Director Weygandt welcomed South Placer Municipal Utility District General Manager Herb Niederberger to the Authority.

Adjournment

The meeting was adjourned at 10:46 a.m.

Robert Weygandt
Chair

Karen Sainsbury
Secretary to the Board

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: 6/11/15

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 15-10

SUBJECT: Approval of Amended Conflict of Interest Code

For SPWA Board Meeting 6/25/15

ACTION REQUESTED

Staff recommends that the Board of Directors adopt the proposed Resolution No. 2015-04 amending the Conflict of Interest Code.

BACKGROUND

The Political Reform Act requires California public agencies to adopt and promulgate Conflict of Interest Codes. The Conflict of Interest Code designates positions required to file Statements of Economic Interest (Form 700) and assigns disclosure categories specifying the types of interests to be reported. Pursuant to Government Code section 87302, the Conflict of Interest Code must specifically enumerate agency positions which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest and, for each such enumerated position, the specific types of investments, business positions, interests in real property, and sources of income which are reportable based on the scope of the decision-making authority of the position.

As a single-county public agency located wholly within Placer County, SPWA's code-reviewing body is the Placer County Board of Supervisors. SPWA staff recently received a request from the Placer County Clerk's office that the Conflict of Interest Code be changed to more accurately reflect the titles of Staff members and consultants filing Form 700.

Analysis

In response to the request from the Placer County Clerk's office, Staff reviewed the SPWA Conflict of Interest Code to determine whether any updates, including amendment of the designated positions and disclosure categories, are necessary. Following its review, Staff developed proposed amendments to the Conflict of Interest Code, which were reviewed and approved by the Placer County Clerk's office and the County Counsel. Notice of the proposed amendments was provided to the public on May 19, 2015 and public comments were solicited from May 19, 2015 through June 24, 2015.

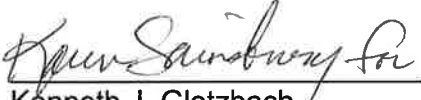
Based on its review of the Conflict of Interest Code and the public comments received, Staff recommends the following changes to the Conflict of Interest Code:

- Adding the following positions to the list of designated positions: (1) Attorney, and (2) Other City of Roseville Staff with duties relating to SPWA's financial matters.
- Renaming the "Auditor" position to "Auditor/Treasurer."
- Adding language to clarify that the Chairperson of the Board of Directors or the Executive Director may determine in a publicly available writing that a particular Staff member is not required to comply fully with the disclosure requirements of the Conflict of Interest Code based on the Staff member's duties.

Attachments

1. Proposed Resolution No. 2015-04 Amending the Conflict of Interest Code.

Approved by:



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY RESOLUTION NO. 2015-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH PLACER WASTEWATER AUTHORITY AMENDING THE CONFLICT OF INTEREST CODE

WHEREAS, the Political Reform Act requires local government agencies to adopt a Conflict of Interest Code enumerating specific agency positions which involve making or participating in making decisions which have a reasonably foreseeable material effect on any financial interest, and to designate disclosure categories for each position;

WHEREAS, the Political Reform Act requires every local government agency to review its Conflict of Interest Code at least biennially;

WHEREAS, SPWA's Conflict of Interest Code was originally adopted by Resolution No. 2000-03

WHEREAS, the SPWA Board of Directors now wishes to amend the Conflict of Interest Code to update the list of designated employees and make other technical changes which reflect the current organizational structure of SPWA; and

WHEREAS, SPWA provided public notice of the proposed amendments to the Conflict of Interest Code, and held a public comment period from May 22, 2015 through June 24, 2015.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the South Placer Wastewater Authority as follows:

1. The amended Conflict of Interest Code for SPWA, which is attached hereto as Exhibit A, is hereby adopted.

PASSED AND ADOPTED this 25th day of June, 2015, by the following vote on roll call:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

**CONFLICT OF INTEREST CODE FOR THE
SOUTH PLACER WASTEWATER AUTHORITY**

Approved by Resolution No. ~~2000-03~~ 2015-11

The Political Reform Act, Government Code section 81000 *et seq.*, requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code. This regulation may be incorporated by reference into a conflict of interest code, and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730, ~~attached to Staff Report Agenda Item No. 5~~, and any amendments to it duly adopted by the Fair Political Practices Commission ("Standard Code") are hereby incorporated by reference and, along with the attached Appendix in which members and employees are designated and disclosure categories are set forth, constitute the conflict of interest code of the South Placer Wastewater Authority (the "Authority").

Pursuant to Section 4 of the Standard Code, Designated Employees, as described in the attached Appendix ("Designated Employees"), shall file statements of economic interests with the Authority. Upon receipt of the statements of the Members of the Board of Directors, including alternates, if any, and the Secretary, Executive Director, Auditor/Treasurer and other designated employees and/or consultants, the Authority shall make and retain copies and forward the originals of these statements to the County of Placer, Clerk – Recorder – Elections Department of the Board of Supervisors.

APPENDIX

DESIGNATED EMPLOYEES

DISCLOSURE CATEGORIES

Members of the Board of Directors, including alternates, if any	1
Executive Director	1
Deputy Executive Director, if any	1
Secretary	1
Auditor/ <u>Treasurer</u>	1
<u>Other City of Roseville Staff with duties relating to Authority's financial matters*</u>	1
<u>Attorney</u>	1
Consultants**	1

*City of Roseville Staff with duties relating to Authority's financial matters shall disclose pursuant to the disclosure category in the Code subject to the following limitation:

The Chairperson of the Board of Directors ("Chairperson"), or the Executive Director, may determine in writing that a particular Staff member, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this Appendix. Such written determination shall include a description of the Staff member's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson's or the Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this Code.

**Consultants shall disclose pursuant to the disclosure category in the Code subject to the following limitation:

The Chairperson of the Board of Directors ("Chairperson"), or the Executive Director,

may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this Appendix. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson's or the Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this Code.

Disclosure Category 1

Persons designated in this category shall disclose (1) all sources of income, (2) all interests in real property, and (3) all investments and business positions in business entities.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 4, 2015

FROM: Vanessa Lieberman, Financial Analyst

AUTHORITY COMMUNICATION NO: 15-11

SUBJECT: Overview of Swap Performance

For SPWA Board Meeting 6/25/15

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

In April 2011, the Authority refunded all outstanding par (\$163.2 million) and issued refunding bonds in the following series:

2011A: \$30,165,000 – variable rate demand bonds (State Street LOC)

2011B: \$30,160,000 – variable rate demand bonds (US Bank LOC)

2011C: \$67,040,000 – fixed rate bonds

2011D: \$30,000,000 – SIFMA index notes

In April 2013, the Authority refunded the 2011 A & B variable rate bonds into a \$59.33 million Direct Placement with US Bank, Series 2013, paying 70.5% of one month Libor plus 62.5 bps.

In August 2014, the Authority refunded the 2011 Series D SIFMA Index bonds (\$30,000,000). These were issued as Series 2014 SIFMA Index bonds in the amount of \$29,120,000.

The outstanding debt as of 05/31/2015 is:

2011C:	\$54,625,000
Series 2013:	59,330,000
<u>Series 2014:</u>	<u>29,120,000</u>
	\$143,075,000

The swap remained in place. This memo provides an update of how the swap has performed to date.

OVERVIEW OF SWAP PERFORMANCE

The swap has performed as planned providing the Authority with a low-cost of funds for its long-term debt.

Table 1

SPWA Swap / 2011D / 2013 SPWA / 2014 SPWA
\$90,675,000 Swap: 100% Morgan Stanley
Pay 3.665% Fixed Rate
Receive 62% 1-month LIBOR + 26 bps

Month	Due	SPWA SWAP (Morgan Stanley)			2011D SPWA	2013 SPWA	2014 SPWA
		Fixed Amount	62% + 26 bps 1-MONTH LIBOR	Net Swap Payment	30,000,000 SIFMA Payment	59,330,000 Direct Purchase	29,120,000 SIFMA Payment
7/1/2014	8/1/2014	\$ 239,523	\$ (23,697)	\$ 215,826	\$ 1,478	\$ 28,457	\$ -
8/1/2014	9/1/2014	239,523	(23,770)	215,753		28,610	6,063
9/1/2014	10/1/2014	239,523	(22,926)	216,597		27,638	8,576
10/1/2014	11/1/2014	226,085	(23,624)	202,461		28,508	9,717
11/1/2014	12/1/2014	226,085	(21,645)	204,440		27,687	8,401
12/1/2014	1/1/2015	\$ 239,523	\$ (22,658)	\$ 216,865		28,610	9,382
1/1/2015	2/1/2015	239,523	(22,911)	216,612		29,055	8,704
2/1/2015	3/1/2015	239,523	(20,836)	218,687		26,303	7,819
3/1/2015	4/1/2015	226,085	(22,369)	203,716		29,172	8,377
4/1/2015	5/1/2015	226,085	(22,610)	203,475		28,478	8,896
5/1/2015	6/1/2015	\$ 226,085	\$ (23,485)	\$ 202,600		29,479	10,794
6/1/2015	7/1/2015	226,085	(22,754)	203,331		28,363	8,700
Totals		\$ 2,793,646	\$ (273,284)	\$ 2,520,362	\$ 1,478	\$ 340,361	\$ 95,430

* 6/1/2015 is estimated

Average Rate	
Swap	3.339%
Series A	Refunded
Series B	Refunded
Series D	Refunded
2013 SPWA	0.574%
2014 SPWA	0.328%
Average 7/1/14 - 6/1/15	3.204%

Submitted by:



Vanessa Lieberman
 Financial Analyst

Approved by:



Jay Panzica
 Treasurer

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 4, 2015

FROM: Vanessa Lieberman, Financial Analyst

AUTHORITY COMMUNICATION NO: 15-12

SUBJECT: Reporting Requirements

For SPWA Board Meeting 6/25/15

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

Per the 2014/2015 South Placer Wastewater Authority Swap Policy, a written report providing the status of all interest rate swap agreements entered into by South Placer Wastewater Authority (SPWA) will be provided to the Authority Board on an annual basis (or other basis, if so directed by the Board). The following reporting requirements are outlined below.

ANNUAL REPORTING REQUIREMENTS

1. A description of all outstanding interest rate swap agreements, including Project and bonds series, type of swap, rates paid and received by the SPWA, total notional amount, average life of each swap agreement, and remaining term of each swap agreement.

Description

- **2008 SPWA/2011C/2013/2014 Refunding Wastewater Revenue Bonds**

In May 2013, the Authority refunded the 2011 Series A&B VRDBs (\$30,165,000 & \$30,160,000). These were issued as a Direct Placement, Series 2013 bonds with US Bank in the amount of \$59,330,000.

In August 2014, the Authority refunded the 2011 Series D SIFMA Index bonds (\$30,000,000). These were issued as Series 2014 SIFMA Index bonds in the amount of \$29,120,000.

Project and Bond Series

- Please refer to the Schedule of Investments

Type of Swap

- Variable to Fixed

Rates Paid/Received

Issue	Interest Paid
2013 SPWA ² Direct Placement	\$311,998

² Date range of 7/1/14 – 5/1/15

Total Par Amount

- \$ 59,330,000

Issue	Interest Paid
2014 SPWA ³ SIFMA bonds	\$86,730

³ Date range of 8/1/14 – 5/1/15

Total Par Amount

- \$ 29,120,000

Issue	Floating Swap Payment (Received)
SPWA ¹ Swap	\$273,284

¹ Date range of 7/1/14-5/1/15

Total Notional Amount

- \$ 74,025,000

Average Life

- 12.16 years

Remaining Term

- Maturity 11/1/2027

2. Highlights of all material changes to swap agreements or new swap agreements entered into by the SPWA since the last report.

No changes to report.

3. Termination Exposure of each of the SPWA's interest rate swap agreements.

As of May 29, 2015, the Mark-to-Market value was (\$10,855,873).

4. The credit rating of each swap counterparty and credit enhancer insuring swap payments, if any.

Morgan Stanley is rated A- by S&P as of 11/29/2011, Baa2, down from Baa1, by Moody's as of 11/14/13 and A by Fitch as of 10/13/2008.

5. If applicable, information concerning any default by a swap counterparty to the SPWA, including but not limited to the financial impact to the SPWA, if any.

No information to report.

6. If applicable, information concerning any default by the SPWA to a swap counterparty.

No information to report.

7. A summary of swap agreements that we terminated or that have expired.

No information to report.

8. For a swap transaction entered into to generate debt service savings, the SPWA will calculate on an annual basis the actual debt service requirements versus the projected debt service on the swap transaction at the original time of execution. Such a calculation shall include a determination of the cumulative actual savings (or, if applicable, additional payments made by the SPWA) versus the projected savings at the time the swap was executed.

Fiscal Year	2000A SPWA \$97,000,000 Fixed Rate ^[1]	Actual Swap Debt Service*	(Cost) / Savings
6/30/2004	5,176,590	4,438,087	738,504
6/30/2005	5,562,488	3,737,237	1,825,250
6/30/2006	5,562,597	3,757,367	1,805,229
6/30/2007	5,561,056	3,978,849	1,582,207
6/30/2008	5,558,063	4,397,266	1,160,796
6/30/2009	5,553,844	4,705,078	848,766
6/30/2010	5,548,109	4,578,131	969,979
6/30/2011	5,540,375	4,575,639	964,736
6/30/2012	4,664,875	4,037,916	626,959
6/30/2013	4,444,188	3,724,818	719,369
6/30/2014	4,215,938	2,691,133	1,524,805
6/30/2015	3,978,750	2,520,362	1,458,388
Total			\$14,224,989

*estimated Actual D/S for 6/30/15

[1] Debt Service based on 2000 SPWA Series A fixed rate schedule

Submitted by:



Vanessa Lieberman
Financial Analyst

Approved by:



Jay Panzica
Treasurer

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 4, 2015

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 15-13

SUBJECT: Investment Review

For SPWA Board Meeting 6/25/15

ACTION REQUESTED

None required. This is an information item.

BACKGROUND

The following report details the performance of the Authority's investments through April 30, 2015

INVESTMENTS

The \$108.2 million investments for the SPWA's Rate Stabilization Fund (RSF) can be placed in two categories: 1) liquidity for cash-flow requirements and 2) additional accumulated funds. The attached table provides an overview of the SPWA investments as of April 30, 2015.

Cash-Flow Requirements

The cash-flow requirements for the RSF include monthly payments and various administrative costs included in the Authority's annual budget. The RSF, as of April 2015, includes \$10 million invested in the Local Agency Investment Fund (LAIF) and \$10.7 million of pooled cash as of April 2015. The LAIF account provides the Authority with the liquidity required to fund these costs while earning a reasonable rate of return in today's interest rate environment. The latest LAIF return was 0.283%.

Additional Accumulated Funds

Public Financial Management (PFM) provides investment management services for the Authority's investment portfolio under the direction from the treasurer. Current investments in this category totaled \$79 million as of April 2015. The remaining funds, \$8.98m, are the Authority's bond reserve funds held by the fiscal agent. The yield-to-market on the invested funds as of April 2015 was 0.783%

Submitted by:



Jacquie Clarizio
Financial Analyst

Approved by:



Jay Panzica
Treasurer

**SOUTH PLACER WASTEWATER
AUTHORITY**
2005 Hilltop Circle
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City of Roseville CA

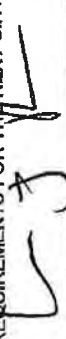
**So Placer Wastewater Authority
Portfolio Management
Portfolio Summary
April 30, 2015**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
City of Roseville Cash Pool*	10,783,844.50	10,783,844.50	10,783,844.50	10.73	1	1	0.768
Money Market Funds	47,414.83	47,414.83	47,414.83	0.05	1	1	0.001
Local Agency Investment Funds	10,104,853.52	10,104,853.52	10,104,853.52	10.05	1	1	0.283
Negotiable CDs	14,050,000.00	14,055,290.30	14,047,082.48	13.97	739	500	0.748
Corporate Notes	17,900,000.00	18,050,593.57	17,979,516.55	17.88	1,098	778	1.174
Federal Agency Coupon Securities	14,805,000.00	14,888,996.88	14,840,478.06	14.76	840	696	0.757
Treasury Coupon Securities	30,770,000.00	31,004,476.63	30,940,251.91	30.77	915	765	0.748
Supra-National Agency Bond	445,000.00	444,640.89	444,239.73	0.44	1,142	1,141	1.056
Federal Agency Collateralized Mortg	380,000.00	383,225.44	383,796.63	0.38	1,087	1,066	0.773
Municipal Bonds	975,000.00	978,462.50	975,000.00	0.97	524	420	0.812
Investments	100,261,112.85	100,719,679.06	100,546,480.21	100.00%	720	560	0.783

Total Earnings	April 30 Month Ending	Fiscal Year To Date
Current Year	90,520.91	643,004.47
Average Daily Balance	101,312,549.01	101,948,951.08
Effective Rate of Return	1.09%	0.76%

*Estimated balance as of 04/30/15
Market values provided by Public Financial Management, Bank of New York Mellon, and LAIF

THIS SCHEDULE OF INVESTMENTS IS IN COMPLIANCE WITH THE INVESTMENT POLICY AS ESTABLISHED AND SUFFICIENT FUNDS WILL BE AVAILABLE TO MEET CASH FLOW REQUIREMENTS FOR THE NEXT SIX MONTHS.

 5-15-15
DATE 5/17/15
DATE
Ken Glatzbach, Executive Director
JAY FINZICH, CITY TREASURER/FINANCIAL EXECUTIVE

**So Placer Wastewater Authority
Portfolio Management
Interest Earnings Summary
April 30, 2015**

	April 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	66,419.22	767,696.39
Plus Accrued Interest at End of Period	142,563.40	142,563.42
Less Accrued Interest at Beginning of Period	(135,441.81)	(194,170.86)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	73,540.81	716,088.95
Adjusted by Premiums and Discounts	-18,891.58	-261,702.14
Adjusted by Capital Gains or Losses	26,395.45	88,079.28
Earnings during Periods	81,044.68	542,466.09
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	16.36	16.36
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	16.36	16.36
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	16.36	16.36
Cash/Checking Accounts:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	3,880,539.01	3,880,539.01
Less Accrued Interest at Beginning of Period	(3,871,079.14)	(3,780,016.99)
Interest Earned during Period	9,459.87	100,522.02
Total Interest Earned during Period	83,017.04	816,627.33
Total Adjustments from Premiums and Discounts	-18,891.58	-261,702.14
Total Capital Gains or Losses	26,395.45	88,079.28
Total Earnings during Period	90,520.91	643,004.47

SOUTH PLACER WASTEWATER

AUTHORITY

2005 Hilltop Circle
Roseville, CA 95747
916 774-5770
fax: 916-374-5690

City of Roseville CA

**So Placer Wastewater Authority
Fund 001 - SPWA
Investments by Fund
April 30, 2015**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Money Market Funds											
43114503	10434	US BANK	07/01/2014	47,414.83	47,414.83	47,414.83	0.001	0.000	0.001		1
			Subtotal and Average	47,414.83	47,414.83	47,414.83		0.001	0.001		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2014	10,104,853.52	10,104,853.52	10,104,853.52	0.283	0.279	0.283		1
			Subtotal and Average	10,104,853.52	10,104,853.52	10,104,853.52		0.279	0.283		1
Negotiable CDs											
06417HMU7	10548	Bank of Nova Scotia	06/13/2014	1,798,912.80	1,800,000.00	1,799,749.80	0.410	0.434	0.440	05/10/2016	406
13606JY9	10594	CANADIAN IMPERIAL BANK NY	04/10/2015	1,850,000.00	1,850,000.00	1,850,592.00	1.010	0.998	1.010	04/06/2017	706
17304UYB0	10555	CITIBANK NA FLOATING CERT DEPO	06/14/2014	1,400,000.00	1,400,000.00	1,400,112.00	0.371	0.365	0.371	08/11/2015	102
38147J2L5	10558	GOLDMAN SACHS BANK USA CD	08/19/2014	1,400,000.00	1,400,000.00	1,402,380.00	0.900	0.887	0.900	08/12/2016	469
65568ET57	10547	NORDEA BANK FINLAND NY	05/13/2014	1,800,000.00	1,800,000.00	1,800,306.00	0.410	0.404	0.410	08/13/2016	409
21684BXH2	10596	RABOBANK	04/27/2015	1,500,000.00	1,500,000.00	1,489,910.00	1.070	1.055	1.070	04/21/2017	721
83051HUD6	10513	SKANDINAVISKA ENSKILDA BY NY	01/10/2014	700,000.00	700,000.00	700,583.60	0.562	0.554	0.562	01/04/2016	248
90333VPF1	10582	US BANK TRUST	09/11/2014	1,822,061.75	1,825,000.00	1,825,448.95	1.375	1.410	1.430	09/11/2017	864
96121TWF1	10534	WESTPAC BANKING	04/17/2014	1,775,000.00	1,775,000.00	1,775,167.95	0.406	0.400	0.406	04/15/2016	350
			Subtotal and Average	14,045,974.55	14,050,000.00	14,055,260.30		0.738	0.748		489
Corporate Notes											
02865WAB7	10488	AMERICAN HONDA FINANCE GLOBAL	10/10/2013	777,285.60	780,000.00	783,653.52	1.125	1.226	1.243	10/07/2016	525
02665WAF8	10550	AMERICAN HONDA FINANCE GLOBAL	07/16/2014	329,534.70	330,000.00	330,440.22	1.200	1.230	1.248	07/14/2017	805
02665WAT8	10587	AMERICAN HONDA FINANCE GLOBAL	03/13/2015	569,236.20	570,000.00	572,484.06	1.600	1.524	1.545	03/13/2018	1,047
037833AM2	10539	APPLE INC GLOBAL NOTES	09/08/2014	1,489,205.00	1,500,000.00	1,508,677.50	1.050	1.053	1.068	06/05/2017	735
084664BX8	10479	BERKSHIRE HATHAWAY FIN CORP NO	08/15/2013	928,507.10	930,000.00	935,921.61	0.950	0.954	0.967	08/15/2016	472
084664BX8	10489	BERKSHIRE HATHAWAY FIN CORP NO	10/15/2013	318,392.00	320,000.00	321,349.44	0.950	1.004	1.018	08/15/2016	472
084664CA7	10512	BERKSHIRE HATHAWAY FIN CORP NO	01/10/2014	600,000.00	600,000.00	600,461.40	0.390	0.384	0.390	01/10/2017	620
168764AL4	10566	CHEVRON CORP NOTE	11/18/2014	795,000.00	795,000.00	799,980.68	1.345	1.328	1.345	11/15/2017	929
30231GAL5	10586	EXXON MOBIL CORP NOTES	03/06/2015	1,460,000.00	1,460,000.00	1,468,564.80	1.305	1.287	1.305	03/06/2018	1,040
36962G3H5	10567	General Electric Capital Co	11/09/2014	995,589.60	890,000.00	982,096.98	5.625	1.358	1.377	09/15/2017	868
459200HZ7	10579	IBM CORP GLOBAL NOTES	02/06/2015	1,744,682.50	1,750,000.00	1,749,343.75	1.125	1.212	1.228	02/09/2018	1,012

Portfolio SPWA
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Fund 001 - SPWA
Investments by Fund
April 30, 2015

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Corporate Notes											
46823EKD0	10584	JP MORGAN CHASE CORP NOTES	03/02/2016	1,644,572.30	1,645,000.00	1,650,982.87	1.700	1.665	1.708	03/01/2018	1,035
713448CL0	10526	PEPSICO INC GLOBAL NOTES	02/28/2014	1,083,763.10	1,085,000.00	1,085,807.24	0.950	0.975	0.988	02/22/2017	663
713448CR7	10697	PEPSICO INC GLOBAL NOTES	04/30/2015	184,977.90	185,000.00	184,763.57	1.250	1.236	1.254	04/30/2018	1,095
717081DD2	10489	PFIZER INC GLOBAL NOTES	06/03/2013	1,397,760.00	1,400,000.00	1,404,870.60	0.900	0.932	0.945	01/15/2017	825
89236TBH7	10542	TOYOTA MOTOR CREDIT CORP COMM	05/16/2014	729,613.10	730,000.00	731,696.12	1.125	1.127	1.143	05/16/2017	746
89236TCA1	10573	TOYOTA MOTOR CREDIT CORP COMM	01/12/2015	184,733.95	185,000.00	186,070.03	1.450	1.484	1.505	01/12/2018	887
891142DN0	10543	WALMART	04/22/2014	349,847.50	350,000.00	351,508.85	1.000	0.991	1.005	04/21/2017	721
25468PCZ7	10543	WALT DISNEY CO GLOBAL NOTES	06/02/2014	778,596.00	780,000.00	779,312.82	0.875	0.923	0.936	05/08/2017	780
94974BFL9	10472	WELLS FARGO & COMPANY	07/29/2013	854,179.20	855,000.00	859,995.77	1.250	1.265	1.283	07/20/2016	446
94974BFL9	10529	WELLS FARGO & COMPANY	02/07/2014	788,803.82	780,000.00	784,657.54	1.250	0.784	0.795	07/20/2016	446
		Subtotal and Average		17,996,169.27	17,900,000.00	18,050,503.57		1.158	1.174		777
Federal Agency Coupon Securities											
3130A2T87	10554	Federal Home Loan Bank	10/29/2014	25,008.50	25,000.00	25,001.05	0.500	0.475	0.482	09/28/2016	518
3130A3J70	10578	Federal Home Loan Bank	01/22/2015	2,943,687.29	2,940,000.00	2,943,148.74	0.625	0.548	0.556	11/23/2016	572
3130A2T97	10582	Federal Home Loan Bank	02/19/2015	723,666.00	725,000.00	725,030.45	0.500	0.606	0.615	09/28/2016	516
3130A4QV7	10588	Federal Home Loan Bank	03/24/2015	1,475,000.00	1,475,000.00	1,477,801.03	0.840	0.828	0.840	03/24/2017	693
3137EADJ5	10557	Federal Home Loan Mfg Corp	08/14/2014	1,124,924.62	1,125,000.00	1,131,297.75	1.000	0.988	1.002	07/28/2017	819
3137EADJ0	10575	Federal Home Loan Mfg Corp	01/16/2015	948,337.50	950,000.00	948,259.60	0.600	0.578	0.588	01/27/2017	637
3137EADJ5	10591	Federal Home Loan Mfg Corp	03/20/2015	3,572,070.57	3,560,000.00	3,579,928.88	1.000	0.842	0.854	07/28/2017	819
3135GOCM3	10486	Federal National Mfg Assn	10/03/2013	913,302.00	900,000.00	909,396.00	1.250	0.738	0.748	09/28/2016	516
3135GOCM3	10487	Federal National Mfg Assn	10/03/2013	882,765.19	860,000.00	858,874.00	1.250	0.730	0.740	09/28/2016	516
3135GOCM3	10561	Federal National Mfg Assn	08/08/2014	759,499.80	755,000.00	762,229.88	1.125	0.883	0.895	04/27/2017	727
3135G0ZL0	10598	Federal National Mfg Assn	04/30/2015	1,507,815.00	1,500,000.00	1,508,025.50	1.000	0.770	0.781	09/27/2017	860
		Subtotal and Average		14,866,076.47	14,805,000.00	14,866,995.88		0.747	0.757		696
Treasury Coupon Securities											
812828RU6	10504	U.S. Treasury	12/03/2013	1,916,847.66	1,900,000.00	1,911,975.00	0.875	0.567	0.575	11/30/2016	579
912828SY7	10646	U.S. Treasury	06/05/2014	1,904,078.51	1,915,000.00	1,914,551.89	0.625	0.807	0.818	05/31/2017	761
912828RM4	10546	U.S. Treasury	09/05/2014	2,223,804.69	2,200,000.00	2,218,046.60	1.000	0.538	0.546	10/31/2016	549
912828SC5	10553	U.S. Treasury	07/31/2014	150,287.10	150,000.00	150,902.40	0.875	0.766	0.787	01/31/2017	641
912828TM2	10560	U.S. Treasury	09/04/2014	766,160.15	775,000.00	773,304.30	0.625	0.986	1.010	08/31/2017	853
912828SM3	10563	U.S. Treasury	10/06/2014	1,743,471.67	1,735,000.00	1,748,890.89	1.000	0.790	0.801	03/31/2017	700

Portfolio SPWA AP

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**Fund 001 - SPWA
Investments by Fund
April 30, 2015**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Treasury Coupon Securities											
912828TB6	10586	U.S. Treasury	11/03/2014	3,646,292.97	3,650,000.00	3,656,843.75	0.750	0.777	0.789	06/30/2017	791
912828UA6	10571	U.S. Treasury	12/10/2014	2,238,439.84	2,255,000.00	2,244,252.67	0.625	0.863	0.875	11/30/2017	944
912828SM3	10572	U.S. Treasury	12/10/2014	1,661,644.53	1,575,000.00	1,567,428.33	1.000	0.803	0.814	03/31/2017	700
912828TGS	10578	U.S. Treasury	02/04/2015	897,222.85	900,000.00	896,202.90	0.500	0.816	0.825	07/31/2017	822
912828SC5	10583	U.S. Treasury	02/27/2016	502,558.59	500,000.00	503,008.00	0.875	0.598	0.607	01/31/2017	641
912828F47	10589	U.S. Treasury	03/18/2015	2,998,125.00	3,000,000.00	3,003,518.00	0.500	0.533	0.540	09/30/2016	518
912828SC5	10590	U.S. Treasury	03/19/2015	2,992,222.66	2,980,000.00	2,997,927.68	0.875	0.844	0.853	01/31/2017	641
912828PK0	10592	U.S. Treasury	03/27/2015	4,871,843.75	4,700,000.00	4,874,412.30	2.250	0.854	0.865	11/30/2017	944
912828UJ2	10599	U.S. Treasury	04/30/2015	2,525,889.84	2,535,000.00	2,523,513.92	0.750	0.862	0.874	03/31/2016	1,065
		Subtotal and Average		30,868,889.64	30,770,000.00	31,004,476.63		0.738	0.748		764
Supra-National Agency Bond											
459058EJ8	10598	INTL. BANK OF RECON AND DEV	04/30/2015	444,239.05	445,000.00	444,640.89	1.000	1.041	1.055	06/15/2018	1,141
		Subtotal and Average		444,239.05	445,000.00	444,640.89		1.041	1.055		1,141
Federal Agency Collateralized Mortg											
3136ANJY4	10593	FIMMA SERIES 2015-MIT ASOZ	04/30/2015	383,798.63	380,000.00	383,225.44	1.550	0.782	0.773	04/01/2018	1,066
		Subtotal and Average		383,798.63	380,000.00	383,225.44		0.783	0.773		1,066
Municipal Bonds											
805561FX0	10580	MS ST TXBL GO BONDS	02/18/2015	100,000.00	100,000.00	99,805.00	1.090	1.075	1.090	10/01/2017	884
68428LDJ0	10574	ORANGE CNTY, CA TXVL REV PO B	01/13/2015	875,000.00	875,000.00	876,557.50	0.780	0.769	0.780	05/02/2018	367
		Subtotal and Average		975,000.00	975,000.00	976,462.50		0.801	0.812		420
		Total Investments and Average		89,812,406.97	89,477,258.35	89,935,834.56		0.774	0.785		627

**SOUTH PLACER WASTEWATER
AUTHORITY**
2005 Hilltop Circle
Roseville, CA 95747
916-774-5170
Fax 916-774-5990

City of Roseville CA

**So Placer Wastewater Authority
Fund 003 - City of Roseville Cash Pool*
Investments by Fund
April 30, 2015**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 380	YTM 365	Maturity Date	Days To Maturity
City of Roseville Cash Pool*	10048	City of Roseville Cash Pool	07/01/2014	10,783,844.50	10,783,844.50	10,783,844.50	0.768	0.757	0.768		1
SYS10048			Subtotal and Average	10,783,844.80	10,783,844.50	10,783,844.50		0.757	0.768		1
			Total Investments and Average	10,783,844.50	10,783,844.50	10,783,844.50		0.757	0.768		1

SOUTH PLACER WASTEWATER

AUTHORITY
 2005 Hilltop Circle
 Roseville, CA 95647
 916-774-5770
 fax-916-774-5690

City of Roseville CA

So Placer Wastewater Authority
Transaction Activity Report
April 1, 2015 - April 30, 2015
Sorted by Transaction Date - Transaction Date
All Funds

Investment #	Fund	New Principal	Principal Paydowns	Interest	Total Cash
10474	001			16,750.00	16,750.00
		1,850,000.00		16,750.00	1,866,750.00
Totals for 04/08/2015					
10594	001		1,833,911.13		-1,833,911.13
10563	001		8,198.25		8,198.25
10488	001			4,387.50	4,387.50
10563	001			498.63	498.63
		1,850,000.00	1,842,109.38	4,886.13	-3,004.49
10032	001	6,476.19			-6,476.19
		6,476.19			-6,476.19
Totals for 04/15/2015					
10534	001			3,603.25	3,603.25
				3,603.26	3,603.25
Totals for 04/17/2015					
10559	001		323,839.75		323,839.75
10559	001		3,172.00		3,172.00
10559	001			505.56	505.56
			327,011.75	505.56	327,517.31
10533	001	1,750.00			1,750.00
		1,750.00			1,750.00
Totals for 04/22/2015					
10595	001	1,500,000.00			-1,500,000.00
10541	001		1,500,000.00		1,500,000.00
10541	001		2,025.00		2,025.00
10541	001			4,892.67	4,892.67
		1,500,000.00	1,502,025.00	4,892.67	6,917.87
10474	001		467,890.55		467,890.55
10474	001		-12,500.05		-12,500.05
10474	001			618.05	618.05
		455,190.50		618.05	455,808.55
Totals for 04/28/2015					
10598	001	1,510,523.33			-1,510,523.33
10593	001	384,747.57			-384,747.57
10596	001	444,239.05			-444,239.05
10597	001	184,977.80			-184,977.80

Portfolio SPWA
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So Placer Wastewater Authority
Transaction Activity Report
Sorted by Transaction Date - Transaction Date

Investment #	Fund	New Principal	Principal Paydowns	Interest	Total Cash
10598	001	2,527,448.24			-2,527,448.24
10447	001		159,486.40		159,486.40
10447	001		1,108.80		1,108.80
10451	001		364,872.25		364,872.25
10451	001		890.60		890.60
10452	001		329,590.80		329,590.80
10452	001		1,129.60		1,129.60
10464	001		429,823.70		429,823.70
10464	001		1,603.90		1,603.90
10474	001		940,636.05		940,636.05
10474	001		-25,042.10		-25,042.10
10492	001		1,505,066.25		1,505,066.25
10492	001		-94,240.25		-94,240.25
10577	001		319,491.00		319,491.00
10577	001		-3,723.00		-3,723.00
10046	003		988,164.88		988,164.88
10434	001		273,791.79		273,791.79
10447	001			497.78	497.78
10451	001			440.03	440.03
10452	001			397.83	397.83
10464	001			1,557.56	1,557.56
10474	001			1,367.36	1,367.36
10492	001			14,076.94	14,076.94
10546	001			11,000.00	11,000.00
10577	001			7,928.13	7,928.13
10577	001			-3,852.08	0.00
Totals for 04/30/2015		5,051,935.99	5,208,501.75	33,413.55	187,978.31
Grand Total		8,408,412.18	9,332,838.38	66,419.22	950,845.42

Portfolio SPWA
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BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Account Statement

Statement Period 04/01/2015 Through 04/30/2015

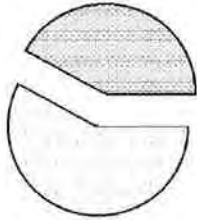
Account 322068
SOUTH PLACER WASTEWATER AUTHORITY
(322068)

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CLIENT SERVICE MANAGER: MARINA MEZA
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MARINA.MEZA@BNYMELLON.COM

Visit us at www.bnymellon.com

Account Overview



Percent of all Investments	Asset Classification	Market Value
58%	FIXED INCOME	4,605,000.00
42%	OTHER	3,350,368.12
100%	TOTAL OF ALL INVESTMENTS	7,955,368.12

Summary of Assets Held

Asset Classification	Market Value	Cost	Accrued Income	Est Annual Income	Market Yield
FIXED INCOME	4,605,000.00	4,603,572.45	0.00	0.00	0.00%
OTHER	3,350,368.12	3,350,368.12	0.00	0.00	0.00%
ACCOUNT TOTALS	7,955,368.12	7,953,940.57	0.00	0.00	0.00%

Summary of Cash Transactions

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	0.00	0.00		0.00	0.00
SALES AND REDEMPTIONS	0.00	122,190.66	0.00	0.00	122,190.66
OTHER CASH DISBURSEMENTS	0.00	122,190.66 -	0.00	0.00	122,190.66 -
PURCHASES	0.00	0.00	0.00	0.00	0.00
CLOSING BALANCE	0.00	0.00	0.00	0.00	0.00

The above cash transactions summary is provided for information purposes only and may not reflect actual taxable income or deductible expenses as reportable under the Internal Revenue Code.



BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Statement Period 04/01/2015 Through 04/30/2015

Account 322068

SO PLACER 2011 PARITY RESERVE FD

Statement of Assets Held

Shares / Par Value	Asset Description	Market Price Average Cost	Market Value Cost	Accrued Income Est Annual Income	Market Yield
FIXED INCOME					
4,605,000.000	FEDERAL HOME LOAN BANK DISCOUNT NOTES CUSIP: 313384FA2 MATURITY DATE: 05/01/2015 RATE: 0.000%	100.00000 99.96900	4,605,000.00 4,603,572.45	0.00 0.00	0.00%
Total FIXED INCOME			4,605,000.00 4,603,572.45	0.00 0.00	0.00%
OTHER					
3,350,368.120	INVESTMENT AGREEMENT CAMP CALIFORNIA ASSET MANAGEMENT PROGRAM CUSIP: S86871090	1.00000 1.00000	3,350,368.12 3,350,368.12	0.00 0.00	0.00%
Total OTHER			3,350,368.12 3,350,368.12	0.00 0.00	0.00%
ACCOUNT TOTALS			7,955,368.12 7,953,940.57	0.00 0.00	0.00%

Total Market Value Plus Total Accrued Income 7,955,368.12

Statement of Transactions

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
04/01/15	OPENING BALANCE	0.00	0.00	7,953,760.73	
04/08/15	Receive INVESTMENT AGREEMENT CAMP CALIFORNIA ASSET MANAGEMENT PROGRAM TRADE DATE 04/08/15 SET/DATE 04/08/15 CUSIP S86871090 179.84 SHARES	0.00	0.00	179.84	0.00
04/08/15	DAILY ENDING BALANCE	0.00	0.00	7,953,940.57	0.00
04/23/15	Sale DREYFUS INSTL RES TREASURY 6541 TRADE DATE 04/23/15 SET/DATE 04/23/15 CUSIP X9USDEFRU 122,190.66 SHARES	0.00	122,190.66	122,190.66 -	0.00
04/23/15	Receive INVESTMENT AGREEMENT CAMP CALIFORNIA ASSET MANAGEMENT PROGRAM TRADE DATE 04/23/15 SET/DATE 04/23/15 CUSIP S86871090 122,190.66 SHARES	0.00	0.00	122,190.66	0.00
04/23/15	Cash Debit U.S. BANK NA-MINNEAPOLIS OFFICE 091000022 CALIFORNIA ASSET MANAGEMENT PROGRAM 104790828529 DEPOSIT TO CAMP 13-00 SPWA 2011 REFUNDING RESERVE	0.00	122,190.66 -	0.00	0.00
04/23/15	DAILY ENDING BALANCE	0.00	0.00	7,953,940.57	0.00
04/30/15	CLOSING BALANCE	0.00	0.00	7,953,940.57	0.00

Cumulative realized capital gain and loss position from 12/31/2014 for securities held in principal of account:

Short Term: 0.00 * Long Term: 0.00 *

* The above gain and loss position does not include transactions where tax cost information is incomplete or unavailable.

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BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Statement Period 04/01/2015 Through 04/30/2015
Account 322068
SO PLACER 2011 PARITY RESERVE FD

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 5, 2015

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 15-14

SUBJECT: Investment Policy and Swap Policy FY2015-16

For SPWA Board Meeting 6/25/15

ACTION REQUESTED

It is recommended that the Board adopt the FY2015-16 Investment Policy and Swap for the South Placer Wastewater Authority.

BACKGROUND

Every year the investment and Swap policies are reviewed by staff and the Authority's financial advisor, Public Financial Management (PFM) to ensure the policy complies with the California Government Code.

INVESTMENTS

For FY2015-16, the only change is in the XI Performance Benchmark section.

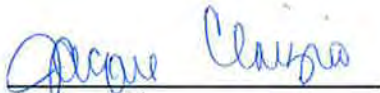
The investment portfolio will be designed to obtain a market rate of return during budgetary and economic cycles, taking into account the Authority's investment risk constraints and cash flow needs. The Authority will use the 2-Yr US Treasury's 12-Month Moving Average as its performance standard.

With this change the SPWA investment policy will be consistent with the City's investment policy for FY 2015-16.

SWAP

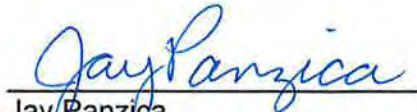
The only change for recommendation is on page 4 under "Counter-Party Risk Assessment." To protect the City we included a minimum rating threshold of A2 or A for swap counterparties. Additionally, we removed the language regarding a counterparty using AAA insurance because there are no longer insurance companies that are insured AAA.

Submitted by:



Jacquie Clarizio
Financial Analyst

Approved by:



Jay Panzica
Treasurer

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2015-05

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH PLACER WASTEWATER AUTHORITY
ADOPTING THE SOUTH PLACER WASTEWATER AUTHORITY
INVESTMENT POLICY AND SWAP GUIDELINES FOR FY 2015-2016**

WHEREAS, the South Placer Wastewater Authority Investment Policy was adopted by the Board of Directors of the South Placer Wastewater Authority ("Authority") at the Board's meeting on February 13, 2001, and amended periodically thereafter (as amended, the "Investment Policy"); and

WHEREAS, the Authority desires to update the Investment Policy, including the Swap Guidelines set forth therein, to incorporate certain changes that the Board deems necessary or advisable.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority as follows:

The South Placer Wastewater Authority Investment Policy for Fiscal Year 2015-2016 is hereby adopted in the form presented at this meeting.

PASSED AND ADOPTED this 25th day of June, 2015, by the following vote on roll call:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

South Placer Wastewater Authority

Investment Policy

Fiscal Year 2014~~5~~-2016~~5~~

I. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities.

The investment policies and practices of the South Placer Wastewater Authority (SPWA) are based on state law and prudent money management. All funds will be invested in accordance with this investment policy, the Joint Exercise of Powers Act (Government Code Section 6500 *et seq.*), and Article 2 of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code.

II. Scope

It is intended that this policy cover all funds and the proceeds of debt issues and investment activities under the direction of SPWA.

III. Prudence

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. The "prudent investor" standard states that:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Objectives

The primary objectives, in priority order, of the investment activities of SPWA shall be:

- 1) Safety. Safety of principal is the foremost objective of the investment program. Investments of SPWA shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 2) Liquidity. The investment portfolio of SPWA will remain sufficiently liquid to enable SPWA to meet its cash flow requirements.
- 3) Return on Investment. The investment portfolio of SPWA shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

V. Delegation of Authority

The management responsibility for the investment program is hereby delegated to the Treasurer. No person may engage in an investment transaction except as provided under the limits of this policy. Except as otherwise specifically set forth below, Treasurer is hereby authorized and directed in the name and on behalf of SPWA to invest the Authority's monies, and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which he or she might deem necessary or appropriate in order to accomplish the purposes of this policy. The Treasurer may delegate investment decision making and execution authority to an investment advisor. The advisor will follow the Investment Policy and such other written instructions as are provided.

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. Permitted Investment Instruments

The Authority shall limit investments in any one non-government issuer, except investment pools, to no more than 5% regardless of security type.

1. **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest. Up to 100 percent of SPWA's investment portfolio may be invested in government obligations.

2. **Federal agency or United States government-sponsored enterprise** obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Up to 100 percent of SPWA's investment portfolio may be invested in federal agency or United States government-sponsored enterprise obligations.
3. **Mortgage pass through security** issued and guaranteed by a Federal Agency with a maximum final maturity of five years. Purchase of securities authorized by this subdivision may not exceed 20 percent of SPWA's surplus money.
4. **Obligations of the State of California** or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency, provided that the obligations are rated in one of the two highest categories by a NRSRO. Up to 100 percent of SPWA's investment portfolio may be invested in California municipal obligations.
5. **Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of these states.
6. **Repurchase Agreements** used solely as short-term investments not to exceed 30 days. Up to 100 percent of SPWA's investment portfolio may be invested in repurchase agreements.

The following collateral restrictions will be observed:

- Only U.S. Treasury securities or Federal Agency securities, as described in VII. 1 and 2 will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SPWA's custodian bank by book entry, physical delivery, or by a third party custodial agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value, 102 percent of the funds borrowed against those securities. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a weekly basis and the value of the underlying securities brought back up to 102 percent no later than the next business day.
- Market value must be calculated each time there is a substitution of collateral.
- SPWA or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

- SPWA may enter into Repurchase Agreements only with primary dealers of the Federal Reserve Bank of New York.
 - SPWA will have specific written agreements with each firm with which it enters into Repurchase Agreements.
 - Reverse repurchase agreements will not be allowed.
7. **Bankers' Acceptances**, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of SPWA's investment portfolio.

8. **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

- 1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars (\$500,000,000). (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO).
- 2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (B) Has program wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond. (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO).

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 25 percent of the City's investment portfolio.

9. **Medium-term corporate notes** issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category "A" or its equivalent or better by a nationally recognized rating service.

Purchase of medium-term corporate notes may not exceed 30 percent of SPWA's investment portfolio.

10. **FDIC insured or fully collateralized time certificates of deposit.** Purchases of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA's investment portfolio.
11. **Negotiable certificates of deposit or deposit notes** issued by a nationally or state-chartered bank, a state or federal savings and loan association, state or federal credit union, or a federally-licensed or state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "A" or better as provided for by an NRSRO.

Purchase of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA's investment portfolio.

12. **State of California's Local Agency Investment Fund.** The LAIF portfolio should be reviewed periodically. Investment in LAIF may not exceed the legally authorized limits.
13. **Insured savings accounts.**
14. **Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission** under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

The purchase price of shares of beneficial interest purchased shall not include any commission that the companies may charge and shall not exceed 20 percent of SPWA's investment portfolio. Further, no more than 10 percent of SPWA's investment portfolio may be invested in shares of beneficial interest of any one money market fund.

15. **Shares in a California common law trust** established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.

16. **City of Roseville's Pooled Investment Fund.**
17. **Supranationals** which are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA-", its equivalent, or better by an NRSRO.

Purchases of supranationals shall not exceed 30 percent of the investment portfolio of the Authority. Supranationals will be permitted by California Government Code §53601 (q) and this Policy effective January 1, 2015.

18. **Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond** of a maximum of five years maturity. Eligible securities must be rated, by a nationally recognized rating service, as "AA" or higher, and the issuer of the security must have an "A" or higher rating for its debt as provided by a nationally recognized rating service. No more than 20 percent of the Authority's surplus funds may be invested in this type of security.

Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased. If an investment falls below the minimum purchase rating, the Treasurer will perform a timely review and, following notification of the Board Chairman, decide whether to sell or hold the investment.

VIII. Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit SPWA to meet all projected obligations.

The maximum maturity will be no more than five years from purchase date to maturity date.

IX. Prohibited Investments

For purposes of this policy, a derivative is defined as any security where the value is linked to or derived from an underlying asset or benchmark. Any security type or structure not specifically approved by this policy is hereby specifically prohibited. SPWA will not use such derivatives as range notes, dual index notes, inverse floating rate notes, deleveraged

notes, or notes linked to lagging indices or to long term indices, nor will SPWA invest in reverse repurchase agreements, interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity. This policy does not preclude the use of repurchase agreements and callable securities, as they do not fall within the definition of a derivative as described herein.

X. Reporting Requirements

The Treasurer shall make available investment reports to SPWA's Board. The reports shall include, at a minimum, the following information for each individual investment:

- Description of investment instrument
- Issuer name
- Yield on cost
- Purchase date
- Maturity date
- Purchase price
- Par Value
- Current market value and the source of the valuation
- Investment transactions

The monthly report shall also (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of SPWA's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of SPWA to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

The Treasurer shall annually submit to the Board a statement of investment policy, which the Board shall consider at a public meeting. Any change in the policy shall also be reviewed by the Board at a public meeting.

XI. Internal Control

The Treasurer will establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

XI. Performance Benchmark

The investment portfolio will be designed to obtain a market rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The Investment Review Committee has elected to use the 2-Yr US

Treasury's 12-Month Moving Average as its performance standard.

~~SPWA will establish an appropriate performance benchmark and compare the performance of its portfolio to the benchmark at the end of each quarter.~~

XII. Safekeeping and Custody

The assets of SPWA shall be secured through the third-party custody and safekeeping procedures. Bearer instruments shall be held only through third-party institutions. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure.

Glossary

Broker-Dealer – a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Certificate of Deposit (CD) – A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

Collateral – Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Custody – Safekeeping services offered by a bank, financial institution or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer’s securities, the collection and disbursement of income, securities settlement and market values.

Delivery Versus Payment –A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. Securities should be held by a third-party custodian as evidenced by safekeeping receipts.

Diversification – Dividing investment funds among a variety of securities offering independent returns.

Federal Agency Obligation – A debt instrument issued by one of the federal agencies. Federal agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Liquidity – An investment that can be converted easily and rapidly into cash without a substantial loss of value.

Local Agency Investment Fund (LAIF) – The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Market Value – The price at which a security is trading and could presumably be purchased or sold on a specific date.

Maturity – The date upon which the principal or stated value of an investment becomes due and payable.

Money Market Fund – a type of safe investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders and must maintain a stable net asset value (NAV) of \$1 per share.

Portfolio – Collection of securities held by an investor,

Principal – the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Prudent Investor Standard – An investment standard that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

U.S. Treasury – Government debt issued by the United States Department of the Treasury through the Bureau of the Public Debt. Treasury securities are the debt financing instruments of the United States federal government, and they are often referred to simply as Treasuries. There are four types of marketable treasury securities: Treasury bills, Treasury notes, Treasury bonds, and Treasury Inflation Protected Securities (TIPS). All of the marketable Treasury securities are very liquid and are heavily traded on the secondary market.

APPENDIX A
SOUTH PLACER WASTEWATER AUTHORITY
Swap Guidelines

I. INTRODUCTION

The swap guidelines outlined herein are only intended to provide general procedural direction regarding the future use, procurement and execution of interest rate swaps and options. These guidelines are intended to relate to various interest rate hedging techniques, including the contractual exchange of different fixed and variable rate payment streams through interest rate swap agreements. The swap policies are not intended in any way to require the City of Roseville to modify or terminate existing interest rate swaps. The City of Roseville maintains the right to modify these guidelines and may make exceptions to any of them at any time in its sole discretion. Failure to comply in any manner with these swap guidelines shall not result in liability on the part of the City of Roseville to any party.

II. APPROACH AND OBJECTIVES

Interest rate swaps and options are appropriate interest rate management tools that can help the City of Roseville meet important financial objectives. Properly used, these instruments can increase the City of Roseville's financial flexibility, provide opportunities for interest rate savings or enhanced investment yields, and help the City of Roseville manage its balance sheet through better matching of assets and liabilities. Swaps should be integrated into the City of Roseville's overall debt and investment management guidelines and should not be used for speculation.

Swaps are appropriate to use when they achieve a specific objective consistent with the City of Roseville's overall financial strategies. Swaps may be used, for example, to lock-in a current market fixed rate or create additional variable rate exposure. Swaps may be used to produce interest rate savings, to alter the pattern of debt service payments, or for asset/liability matching purposes. Swaps may be used to cap, limit or hedge variable rate payments. Options granting the right to commence or cancel an underlying swap may be used to the extent the swap itself is consistent with these guidelines or the City of Roseville determines there are other advantages to be derived in granting the option; however, the City of Roseville must determine if the use of any such option is appropriate and warranted given the potential benefit, risks, and objectives of the City. The City of Roseville's staff, together with its Bond Counsel and its Financial Advisor, periodically shall review the City of Roseville's swap guidelines and recommend appropriate changes.

In connection with the use of any swaps, the City Council shall make a finding that, per Government Code Section 5922, the applicable swap is designed to reduce the amount or duration of the interest rate risk or result in a lower cost of borrowing when used in combination with the issuance or carrying of the Bonds or enhance the relationship between the risk and return with respect to the City of Roseville's investments or program of investment, as applicable.

Rationales for Utilizing Interest Rate Swaps and Options

1. Optimize capital structure; including schedule of debt service payments and/or fixed vs. variable rate allocations.

2. Achieve appropriate asset/liability match.
3. Reduce risk, including:
 - Interest rate risk;
 - Tax risk; or
 - Liquidity renewal risk.
4. Provide greater financial flexibility.
5. Generate interest rate savings.
6. Enhance investment yields.
7. Manage exposure to changing markets in advance of anticipated bond issuances (through the use of anticipatory hedging instruments).

III. PERMITTED INSTRUMENTS

The City of Roseville may utilize the following financial products on a current or forward basis, after identifying the objective(s) to be realized and assessing the attendant risks.

1. Interest rate swaps, including fixed, floating and/or basis swaps.
2. Options, including swaptions, caps, floors, collars and/or cancellation or index-based features.

IV. PROCEDURE FOR SUBMISSION AND EXECUTION

Unsolicited proposals are to be mailed to the City Treasurer and the Financial Advisor for evaluation. Such unsolicited proposals need to be received four weeks prior to the next City Council meeting for consideration at such meeting. For proposals received within four weeks of the next City Council meeting, the City of Roseville reserves the right to consider the proposal at the following month's Council meeting.

Legal costs incurred in connection with an unsolicited proposal shall be paid by the firm submitting the proposal if for whatever reason the proposal does not close or should the City of Roseville elect for any reason not to proceed. If the City of Roseville elects to proceed with the proposed transaction and the proposed transaction closes, the City of Roseville will absorb such legal costs through costs of issuance.

The City of Roseville staff and the Financial Advisor shall review all unsolicited proposals prior to presentation to the City Council. The City of Roseville shall only present proposals to the Council that the City of Roseville, in its sole discretion, believes should be considered further given, for example, the projected savings or other benefits and the ability to meet one or more of the objectives outlined herein. Only proposals that meet the savings guidelines (as described in the "Guidelines for Financing and Selection of the Financing Team") or that the City of Roseville staff find compelling for other reasons, shall be presented.

Procurement and Execution

The City of Roseville will not have a fixed guideline with respect to swap procurement. The City of Roseville will assess the benefits of competitively bidding financial products that are non-proprietary or generally available in the marketplace. On a product-by-product basis, the City of Roseville will have the authority to negotiate the procurement of

financial instruments that have customized or specific attributes designed on the City of Roseville's behalf.

The use of financial derivative products will be recommended if they meet one of the benefits outlined herein or if they:

1. Provide a specific benefit not otherwise available;
2. Produce greater expected interest rate savings or incremental yield than cash market alternatives;
3. Are not speculative or do not create unreasonable leverage or risk;
4. Result in an improved capital structure or better asset/liability match; or
5. Reasonably pass the risk evaluation required by these guidelines.

Conformance with Dodd-Frank

It is the intent of the City to conform this policy to the requirements relating to legislation and regulations for over-the-counter derivatives transactions under Title VII of the Wall Street Transparency and Accountability Act of 2010, as supplemented and amended from time to time (herein collectively referred to as "Dodd-Frank"). Pursuant to such intent, it is the policy of the City that: (i) each swap advisor engaged or to be engaged by the City will function as the designated qualified investment representative of the City, sometimes referred to as the "Designated QIR"; (ii) each swap advisor agrees to meet and meets the requirements specified in Commodity Futures Trading Commission Regulation 23.450(b)(1) or any successor regulation thereto (herein referred to as the "Representative Regulation"); (iii) each swap advisor provide a written certification to the City to the effect that such swap advisor agrees to meet and meets the requirements specified in the Representative Regulation; (iv) the City monitor the performance of each swap advisor consistent with the requirements specified in the Representative Regulation; (v) the City exercise independent judgment in consultation with its swap advisor in evaluating all recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy; and (vi) the City rely on the advice of its swap advisor with respect to transactions authorized pursuant to this Debt Policy and not rely on recommendations, if any, presented by any counterparty with respect to transactions authorized pursuant to this Debt Policy.

Counter-Party Risk Assessment

The City of Roseville will only do business with highly rated counter parties or counter parties whose obligations are supported by highly rated parties. The City of Roseville will structure swap agreements to protect itself from credit deterioration of counter parties, including the use of credit support annexes or other forms of credit enhancement to secure counter party performance. Such protection shall include any terms and conditions which in the City of Roseville's sole discretion are necessary or appropriate or in the City of Roseville's best interest.

The City of Roseville shall enter into interest rate swap transactions only with qualified swap counter parties. Qualified swap counter parties are investment banks as will be identified by the Financial Advisor. Qualified swap counter parties should be rated at least "Aa3" or "AA-" by one of the nationally recognized rating agencies (i.e. Moody's, Standard and Poor's, and Fitch) and not rated lower than "A2" or "A" by any nationally

~~recognized rating agency or equivalent by any two of the nationally recognized rating agencies (i.e. Moody's, Standard and Poor's, and Fitch) or have, as support for their obligations, a "AAA" subsidiary or other entity (e.g. bond insurer) as rated by at least one nationally recognized rating agency.~~ In addition, the counter party must have a demonstrated record of successfully executing swap transactions as well as creating and implementing innovative ideas in the swap market. Each counter party shall have minimum capitalization of at least \$150 million.

The City of Roseville should not have an immutable credit standard. However, the City of Roseville will attempt to do business with highly rated counter parties of "Aa3" or "AA-" or better. For lower rated (below "Aa3" or "AA-") counter parties, the City should seek credit enhancement in the form of:

1. Contingent credit support or enhancement; or
2. Collateral consistent with the policies contained herein.

V. SWAP ANALYSIS AND PARTICIPANT REQUIREMENTS

In connection with any swap, the City of Roseville and its Financial Advisor shall review the proposed transaction and outline any considerations associated with the transaction to the City Council. Such a review should include the following:

1. The identification of the proposed benefit and potential risks, which shall include, but not necessarily be limited to, those risks outlined herein.
2. Independent analysis of potential savings from a proposed transaction.
3. Fixed versus variable rate and swap exposure before and after the proposed transaction.
4. Market Net Termination Exposure¹ (as outlined herein) for all existing and proposed transactions at the City of Roseville.

Swap Risks

1. Counter party Risk – The risk of a payment default on a swap by an issuer's Counter party.
2. Termination Risk - The risk that a swap has a negative value and the issuer owes a "breakage" fee if the contract has to be liquidated.
3. Tax Risk – A mismatch between changes in the rate or price on an issuer's underlying bonds and the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut, that results in an increase in the ratio of tax-exempt to taxable yields.
4. Basis Risk – A mismatch between the rate on an issuer's underlying bonds and the rate paid under the swap, e.g. a tax-exempt variable rate issue which trades at 62% of LIBOR while the issuer only receives 60% of LIBOR under the swap.
5. Tax Exemption Risk – The risk that the transaction may make the issuer's related bonds taxable.

¹ Calculation of termination values for existing THE CITY OF ROSEVILLE swaps will be as of the last quarterly valuation date.

6. Liquidity/Remarketing Risk – The risk that an issuer cannot secure a cost-effective renewal of a Letter or Line of Credit or suffers a failed auction or remarketing with respect to its variable-rate bonds.

Benefit Expectation

Financial transactions, using fixed rate swaps or other derivative products, should generate 2% greater projected savings than the savings guidelines (as described in the “Guidelines for Financing and Selection of the Financing Team”) then in effect for traditional bonds. This threshold will serve as a guideline and will not apply should the transaction, in the City of Roseville’s sole judgment, help to meet any of the objectives outlined herein. The higher savings target reflects the greater complexity and higher risk of derivative financial instruments. At a minimum, such financial transactions should provide a savings of no less than 5% over refunded par regardless of the spread between the financial transaction and a traditional bond refunding.

For example, assuming a refunding of \$100 million of existing bonds, a traditional fixed rate advance refunding that does not use derivative products would have a present value savings threshold of \$5.0 million, which is 5.0% of the refunded par. If the refunding structure utilizes a derivative product, the threshold would be \$7.0 million in present value savings, 7.0% of the refunded par. Therefore, the transaction utilizing a swap or other derivative product would have to generate an additional \$2.0 million to meet the target.

For variable rate or other swap transactions that do not result in a fixed interest rate, the City of Roseville will evaluate any additional value generated through the transaction in assessing the benefits of proceeding, including the ability to meet the objectives outlined herein. These benefits include, for example, reducing interest rate or tax risk, optimizing the capital structure or further reducing interest expense.

In determining any benefit in implementing a fixed-to-variable swap, the cost of remarketing, in addition to the cost of credit enhancement or liquidity fees must be added to the projected variable rate. Such a calculation should consider the trading performance of comparable bonds and any trading premium resulting from a specific form of credit enhancement or liquidity and/or any impact related to broader industry trends.

VI. LEGAL AND CONTRACTUAL REQUIREMENTS

Unless otherwise approved by Council, the City of Roseville will use standard ISDA swap documentation including the Schedule to the Master Agreement and a Credit Support Annex. The City of Roseville may use additional documentation if the product is proprietary or the City of Roseville deems in its sole discretion that such documentation is otherwise in its interest.

Terms and Notional Amount of Swap Agreement

The City of Roseville shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. In connection with the issuance or carrying of bonds, the term of the swap agreement between the City of Roseville and a qualified swap counter party shall not extend beyond the final maturity date of existing debt of the

City of Roseville on the related Project, or in the case of a refunding transaction, beyond the final maturity of the refunding bonds. For purposes of calculating net exposure, credit shall be given to any fixed versus variable rate swaps that offset termination exposure for a specific Project or bond transaction. For variable rate transactions, credit may also be given for any assets that are used to hedge a transaction as long as in the City of Roseville's judgment such assets are reasonably expected to remain in place on a coterminous basis with the swap.

Terms and conditions of any swap shall be negotiated by the City of Roseville in the best interests of the City of Roseville subject to the provisions of the Government Code and, unless otherwise waived or altered by the City of Roseville, these guidelines. The swaps between the City of Roseville and each counter party shall include, as appropriate, payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the City of Roseville, in consultation with its Bond Counsel and Financial Advisor, deems necessary or desirable.

Subject to the provisions contained herein, the City of Roseville swap documentation and terms should include the following:

1. Downgrade provisions triggering termination shall in no event be worse than those affecting the counter party.
2. Governing law for swaps will be New York law, but should reflect California authorization provisions.
3. The specified indebtedness related to credit events in any swap agreement should be narrowly drafted and refer only to specific Project debt.
4. Collateral thresholds should be set on a sliding scale reflective of credit ratings (see Collateral below).
5. Eligible collateral as set forth in the Collateral section below.
6. Termination value should be set by "market quotation" methodology, when the City of Roseville deems appropriate.
7. The City of Roseville should only agree to an Additional Termination Event for the City of Roseville to the extent that the ratings on the applicable the City of Roseville bonds fall below a ratings trigger acceptable to the City of Roseville and the counter party and no form of credit support or enhancement is in place.

Termination Provision

All swap transactions shall contain provisions granting the City of Roseville the right to optionally terminate a swap agreement at any time over the term of the agreement. Such a provision shall be required even if any termination is at market. In general, exercising the right to terminate an agreement should produce a benefit to the City of Roseville, either through the receipt of a payment from a termination or, if the termination payment is made by the City of Roseville, in conjunction with a conversion to a more beneficial (desirable) debt obligation of the City of Roseville.

Collateral

As part of any swap agreement, the City of Roseville shall require collateralization or other forms of credit enhancements to secure any or all swap payment obligations. As appropriate, the City of Roseville, in consultation with its Bond Counsel and Financial

Advisor, may require collateral or other credit enhancement to be posted by each swap counter party under the following circumstances:

1. Each counter party to the City of Roseville may be required to post collateral if the credit rating of the counter party or parent falls below the "AAA" category. Additional collateral for further decreases in credit ratings of each counter party shall be posted by each counter party in accordance with the provisions contained in the collateral support agreement to each counter party with the City of Roseville the City of Roseville. Maximum un-collateralized exposure for: i) "AAA" rated counter parties is \$40 million; ii) "AA" rated counter parties is \$10 million; and iii) below "AA" category, uncollateralized exposure is zero.
2. Threshold amounts shall be determined by the City of Roseville on a case-by-case basis. The City of Roseville will determine the reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.
3. Collateral shall be deposited with a third party trustee, or as mutually agreed upon between the City of Roseville and the counter party.
4. A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the swap agreement with each swap counter party. A complete list of acceptable securities and valuation percentages are included as Attachment A.
5. The market value of the collateral shall be determined on at least a monthly basis, or more frequently if the City of Roseville determines it is in the City's best interest given the specific collateral security.
6. It shall be determined on a case-by-case basis whether other forms of credit enhancement are more beneficial to the City.

VII. LIMITATIONS ON TERMINATION EXPOSURE

In order to diversify the City's counter party credit risk, and to limit the City of Roseville's credit exposure to any one counter party, limits will be established for each counter party based upon both the credit rating of the counter party as well as the relative level of risk associated with each existing and projected swap transaction. The guidelines below provide general termination exposure guidelines with respect to whether the City of Roseville should enter into an additional transaction with an existing counter party. The City of Roseville Council may make exceptions to the guidelines at any time to the extent that the execution of a swap achieves one or many of the goals outlined in these guidelines or provides other benefits to the City.

Such guidelines will also not mandate or otherwise force automatic termination by the City of Roseville or the counter party. Maximum Net Termination Exposure is not intended to impose retroactively any terms and conditions on existing transactions. Such provisions will only act as guidelines in making a determination as to whether or not a proposed transaction should be executed given certain levels of existing and projected net termination exposure to a specific counter party. Additionally, the guidelines below are not intended to require retroactively additional collateral posting for existing transactions. Collateral posting guidelines are described in the "Collateral" section above. The calculation of net termination exposure per counter party will take into consideration multiple transactions, some of which may offset the overall exposure to the City of Roseville.

Maximum Net Termination Exposure will be based on the sum of (i) the market value of existing transactions as of the first day of the month prior to the execution of any new transaction plus (ii) the expected worse case termination value of the new transaction. The maximum termination exposure will also be tied to the credit rating of a counter party and whether or not the counter party has posted collateral against this exposure.

Under this approach, the City will set limits on individual counter party exposure based on existing as well as new or proposed transactions. For existing transactions, exposure will be based on the market value as of the last quarterly swap valuation report provided by the Financial Advisor. For a new or proposed transaction, the City of Roseville will calculate the projected maximum exposure based on the estimated maximum exposure assuming two standard deviations. Standard deviation is a statistic obtained by squaring the average difference from the mean of a distribution of numbers. Two standard deviations capture 95% of the population of a distribution of numbers. For purposes of the calculation, two standard deviations shall be calculated as the annualized standard deviation of weekly swap rates over the preceding 52 weeks. The time period may vary according to market conditions which could range from flat to volatile.

The sum of the existing market value and the projected maximum exposure shall constitute the Maximum Net Termination Exposure. For purposes of this calculation, the City of Roseville shall include all existing and projected transactions of an individual counter party and all transactions will be analyzed in aggregate such that the maximum exposure will be additive and netted on a per Project basis. The rationale behind aggregating and netting on a Project basis is that the exposure will vary for individual members depending on their participation in different Projects.

For example, if the City of Roseville has \$13.0 million (i.e. the City of Roseville would owe termination payment) of exposure to a counter party, the Maximum Net Termination Exposure under the definition above, is the projected maximum termination exposure less the outstanding exposure. If projected maximum termination exposure on the proposed transaction, assuming two standard deviations, is \$20 million, net termination exposure would be \$7.0 million.

The exposure thresholds, which will be reviewed periodically to ensure that they remain appropriate, will also be tied to credit ratings of the counter parties and whether or not collateral has been posted. If collateral has been posted, the City of Roseville can not exceed \$30.0 million of collateralized exposure. In addition, there would be a further limit on the amount of uncollateralized exposure, including any threshold amounts under the Credit Support Annex. For AAA-rated counter parties, the City of Roseville could have up to \$40.0 million of uncollateralized exposure; for counter parties in the AA category, the City of Roseville could have up to \$10.0 million of uncollateralized exposure and for counter parties below the AA category, the City of Roseville could have no uncollateralized exposure. If a counter party has more than one rating, the lowest rating will govern for purposes of the calculating the level of exposure. A summary table is provided below.

Credit Ratings	Maximum Collateralized Exposure	Maximum Uncollateralized Exposure	Maximum Total Termination Exposure
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AAA	NA	\$40.0 million	\$40.0 million
AA Category	\$30.0 million	\$10.0 million	\$40.0 million
Below AA	\$30.0 million	None	\$30.0 million

Assuming the same example as above, if the counter party is currently rated “Aa2” and “AA+,” the exposure thresholds would only take effect if Net Termination Exposure increased an additional \$3.0 million (from the original \$7.0 million above).

If the exposure limit is exceeded by a counter party, the City of Roseville shall conduct a review of the exposure limit per counter party. The City, in consultation with its Bond Counsel and Financial Advisor, shall explore remedial strategies to mitigate this exposure.

VIII. ONGOING MANAGEMENT

The City of Roseville will seek to maximize the benefits and minimize the risks it carries by actively managing its swap program. This will entail frequent monitoring of market conditions, by both the Financial Advisor and swap counter party, for emergent opportunities and risks. Active management may require modifications of existing positions including, for example:

1. Early termination;
2. Shortening or lengthening the term;
3. Sale or purchase of options; or
4. Use of basis swaps.

On an overall basis, the City’s swap program is not expected to be very large relative to all of its investment and debt activities. Swaps will be used in response to particular market conditions and needs of the City for which swaps are the best investment or debt-management option.

IX. ONGOING REPORTING REQUIREMENTS

A written report providing the status of all interest rate swap agreements entered into by the City of Roseville will be provided to the City Council on an annual basis (or other basis, if so directed by Council) and shall include the following:

1. A description of all outstanding interest rate swap agreements, including Project and bonds series, type of swap, rates paid and received by the City of Roseville, total notional amount, average life of each swap agreement, remaining term of each swap agreement.
2. Highlights of all material changes to swap agreements or new swap agreements entered into by the City of Roseville since the last report.
3. Termination Exposure of each of the City of Roseville’s interest rate swap agreements.
4. The credit rating of each swap counter party and credit enhancer insuring swap payments, if any.

5. If applicable, information concerning any default by a swap counter party to the City of Roseville, including but not limited to the financial impact to the City of Roseville, if any.
6. If applicable, information concerning any default by the City of Roseville to a swap counter party.
7. A summary of swap agreements that were terminated or that have expired.
8. For a swap transaction entered into to generate debt service savings, the City of Roseville will calculate on an annual basis the actual debt service requirements versus the projected debt service on the swap transaction at the original time of execution. Such a calculation shall include a determination of the cumulative actual savings (or, if applicable, additional payments made by the City of Roseville) versus the projected savings at the time the swap was executed.

THE CITY OF ROSEVILLE
Attachment A – Acceptable Collateral

<u>Security</u>	<u>Valuation Percentage</u>
(A) Cash	100%
(B) (x) Negotiable debt obligations issued by the U.S. Treasury Department or the Government National Mortgage Association (“Ginnie Mae”), or (y) mortgage backed securities issued by Ginnie Mae (but with respect to either (x) or (y) excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service) and in each case having a remaining maturity of:	
(i) less than one year	100%
(ii) one year or greater but less than 10 years	98%
(iii) 10 years or greater	95%
(C) (x) Negotiable debt obligations issued by the Federal Home Loan Mortgage Corporation (“Freddie Mac”) or the Federal Home Loan Mortgage Association (“Fannie Mae”) or (y) mortgage backed securities issued by Freddie Mac or Fannie Mae but excluding interest only or principal only stripped securities, securities representing residual interests in mortgage pools, or securities that are not listed on a national securities exchange or regularly quoted in a national quotation service.	95%
(D) Any other collateral acceptable to the City of Roseville in its sole discretion.	The valuation percentage shall be determined by the Valuation Agent from time to time and in its reasonable discretion.

For example, if a counter party is required to post \$1.0 million of collateral and wished to use Ginnie Mae’s with five years remaining to maturity, it would be required to post \$1,020,409 (\$1.0 million/0.98) to satisfy the collateral requirement.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: May 15, 2015

FROM: Sandra Ikeda, Accounting Manager

AUTHORITY COMMUNICATION NO.: 15-15

SUBJECT: Rate Stabilization Fund Balances of April 30, 2015

For SPWA Board Meeting 6/25/15

ACTION REQUESTED

This communication is informational only. No action is required of the board.

BACKGROUND

With the formation of the JPA and subsequent bond issue, a rate stabilization fund (RSF) was established to collect the participants' connection fees and pay debt service, capital costs, bond redemptions, and administrative costs. Each participant has a sub-account established within the RSF that accounts for its connection fee deposits less proportionate cost shares. The available resources of the RSF are: \$99,053,880 as of June 30, 2014 and \$101,685,404 as of April 30, 2015. (Available resources include receivables and liabilities that are recognized as funds available for use. This results in a slightly larger balance than appears in the SPWA investment total.)

The individual accounts of the participants are as follows:

<u>7/01/13 – 6/30/14</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u>	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$64,253,094	\$6,706,557	\$(6,165,963)	\$64,793,688
SPMUD	39,250,039	3,343,352	(2,242,986)	40,350,405
Placer County	<u>(5,742,737)</u>	<u>1,243,515</u>	<u>(1,590,991)</u>	<u>(6,090,213)</u>
Total as of 6/30/14	\$97,760,396	\$11,293,424	\$(9,999,940)	\$99,053,880

<u>7/01/14 – 4/30/15</u>	<u>Beginning Balance</u>	<u>RSF Deposits</u>	<u>Cost Shares</u>	<u>Ending Balance</u>
City of Roseville	\$64,793,688	\$4,162,712	\$(5,303,877)	\$63,652,523
SPMUD	40,350,405	1,710,614	(1,929,388)	40,131,631
Placer County	<u>(6,090,213)</u>	<u>5,360,012</u>	<u>(1,368,549)</u>	<u>(2,098,750)</u>
Total as of 4/30/15	\$99,053,880	\$11,233,338	\$(8,601,814)	\$101,685,404

* RSF Deposits include connection fees, reimbursements, and interest revenue.

** Includes County repayment of \$577,030: 3 quarterly payments totaling \$375,000 and additional reimbursement of \$202,030 (which is a return of the true-up of operating cost reimbursement from the City). In fiscal year 2013, there were only supposed to be 3 quarterly payments but there was a 4th payment inadvertently accrued. So only 3 payments were recorded in fiscal year 2014.

*** Includes County quarterly repayments totaling \$500,000.

Capital costs are allocated based on the participants' respective reallocated Proportionate Shares, defined in the revised Funding Agreement as follows: Roseville—61.66%, South Placer Municipal Utility District—22.43% and Placer County—15.91%.

A detailed breakdown will be provided to the participants for their review.

In addition, the table below breaks down the connection fees received by participant:

Participant	7/13-6/14	7/14-4/15	
City of Roseville	\$6,318,020	\$3,660,733	****
SPMUD	3,103,003	1,419,153	****
Placer County	<u>702,608</u>	<u>4,865,347</u>	****
TOTAL	\$10,123,631	\$9,945,233	

****Connection fees received through March 2015.

Submitted by:



Sandra Ikeda
Accounting Manager



Jay Panzica
Treasurer

SPWA WASTEWATER PROJECTS

PROJECT TITLE	ACCOUNT NUMBER	Total Approved Project Budget	Estimated PTD Expenditures Through FY14-15	FY 15-16 CIP Budget (new \$ ONLY)	Anticipated Spending in FY16 (commentary)
1 WWTP LANDSCAPE PROJECT	30950/943507	\$ 1,219,812	\$ 1,219,812	\$ -	\$ -
2 POTABLE WATER LINE TO THE DCWWTP	30950/963502	\$ 183,838	\$ 183,838	\$ -	\$ -
3 KASEBERG NORTHTREACH TRUNK SEWER LINE	30950/983501	\$ 1,570,936	\$ 1,570,936	\$ -	\$ -
4 PLEASANT GROVE WASTEWATER TREATMENT PLANT	30950/983503	\$ 123,998,751	\$ 123,998,751	\$ -	\$ -
5 TRANSMISSION MAIN	30950/983504	\$ 3,525,013	\$ 3,525,013	\$ -	\$ -
6 PLEASANT GROVE TRUNK SEWER	30950/983505	\$ 11,573,550	\$ 11,573,550	\$ -	\$ -
7 LIME FEED SYSTEM FOR RECYCLED WATER DIST	30950/983506	\$ 75,594	\$ 75,594	\$ -	\$ -
8 EMERGENCY STORAGE POND FLOOD CONTROL (1)	30950/983507	\$ 9,195,151	\$ 8,968,714	\$ -	\$ 75,000
9 BOIFILTER ODOR CONTROL SCRUBBING UNIT	30950/983508	\$ 623,340	\$ 623,340	\$ -	\$ -
10 NRSP 30" RECYCLE LINE	30950/983510	\$ 1,898,988	\$ 1,898,988	\$ -	\$ -
11 VIBRATION MONITORING AT WWTP	30950/993502	\$ 5,371	\$ 5,371	\$ -	\$ -
12 RECYCLED WATER PUMPS UPGRADE	30950/993503	\$ 33,312	\$ 33,312	\$ -	\$ -
13 MODIFY BACKWASH PUMP STATION	30950/993504	\$ 2,703	\$ 2,703	\$ -	\$ -
14 KASEBERG SOUTHTREACH TRUNK SEWER	30950/993505	\$ 613,601	\$ 613,601	\$ -	\$ -
15 DIAMOND OAKS RECYCLE LINE	30950/993506	\$ 7,106,661	\$ 7,106,661	\$ -	\$ -
16 WOODCREEK OAKS PRESSURE VALVE	30950/003502	\$ 5,745	\$ 5,745	\$ -	\$ -
17 UPGRADE AERATION CONTROLS	30950/003506	\$ 124,048	\$ 124,048	\$ -	\$ -
18 MECHANICAL MAINTENANCE BUILDING UPGRADE	30950/013501	\$ 161,886	\$ 161,886	\$ -	\$ -
19 UPGRADE RECYCLED WATER SYSTEM	30950/013502	\$ 1,850,037	\$ 1,850,037	\$ -	\$ -
20 DIAMOND CREEK CASCADE/OUTFALL	30950/013503	\$ 210,531	\$ 210,531	\$ -	\$ -
21 DCWWTPWEST DRY CREEK OUTFALL	30950/013504	\$ 153,370	\$ 153,370	\$ -	\$ -
22 RWDCB BASIN PLAN AMENDMENT	30950/013505	\$ 658,856	\$ 658,856	\$ -	\$ -
23 DCWWTP COOLING UNITS	30950/023501	\$ 3,139,986	\$ 3,139,986	\$ -	\$ -
24 DCWWTP CONVERSION TO UV	30950/023503	\$ 37,399,962	\$ 37,399,962	\$ -	\$ -
25 WEST DRY CREEK OFD RW CONNECTION	30950/023504	\$ 171,258	\$ 171,258	\$ -	\$ -
26 DCWWTP DIGESTER HANDRAIL	30950/033502	\$ 5,760	\$ 5,760	\$ -	\$ -
27 DCWWTP GATE SECURITY	30950/033503	\$ 47,530	\$ 47,530	\$ -	\$ -
28 DCWWTP FILTER PLC UPGRADE	30950/033504	\$ 169,217	\$ 169,217	\$ -	\$ -
29 REGIONAL PARTNER TELEMETRY	30950/033505	\$ 6,909	\$ 6,909	\$ -	\$ -
30 CIP RESERVE	30950/033506	\$ -	\$ -	\$ -	\$ -
31 DCWWTP FLOW METERS	30950/043501	\$ 522,629	\$ 522,629	\$ -	\$ -
32 PGWWTP RECYCLED WATER SYSTEM	30950/043502	\$ -	\$ -	\$ -	\$ -
33 PS DECOMMISSIONING	30950/043503	\$ 132,750	\$ 132,750	\$ -	\$ -
34 WW/RW SYSTEMS EVALUATION	30950/043504	\$ 1,095,577	\$ 1,095,577	\$ -	\$ -
35 DCWWTP AERATION PLC UPGRADE	30950/053501	\$ 325,000	\$ 13,068	\$ -	\$ -
36 DCWWTP FILTER BACKWASH RETURN PIPELINE UPGRADE	30950/053502	\$ -	\$ -	\$ -	\$ -
37 DCWWTP OPERATIONS ADMIN BUILDING	30950/053503	\$ 564,636	\$ 564,636	\$ -	\$ -
38 WATER PURIFICATION PILOT PROJECT	30950/053504	\$ 420,567	\$ 420,567	\$ -	\$ -
39 RW MODEL DEVELOPMENT	30950/053505	\$ 187,498	\$ 187,498	\$ -	\$ -
40 NPDES PERMIT RENEWAL	30950/053506	\$ 585,654	\$ 585,654	\$ -	\$ -
41 PGWWTP CONVERSION TO UV	30950/063502	\$ -	\$ -	\$ -	\$ -
42 DCWWTP MAINTENANCE SHOP	30950/063503	\$ 4,220,075	\$ 4,220,075	\$ -	\$ -
43 PGWWTP PROCESS IMPROVEMENTS	30950/063504	\$ 3,630,770	\$ 3,630,770	\$ -	\$ -
44 SIA RW PIPELINE	30950/063505	\$ -	\$ -	\$ -	\$ -
45 WW FORCE MAIN CONVERSION TO RW	30950/063506	\$ 953,005	\$ 953,005	\$ -	\$ -
46 RELIABILITY CENTERED MAINTENANCE	30950/063507	\$ 453,548	\$ 453,548	\$ -	\$ -
47 EXPANSION OF PGWWTP (2007)	30950/073505	\$ 41,228,508	\$ 41,049,379	\$ -	\$ -
48 EXPANSION OF DCWWTP	30950/073506	\$ 874,326	\$ 874,326	\$ -	\$ -
49 RADIO TELEMETRY	30950/073507	\$ 150,000	\$ 87,931	\$ -	\$ 5,000
50 PROCESS CONTROL STANDARDS	30950/073508	\$ 160,000	\$ 87,451	\$ -	\$ 15,000
51 GREASE RECEIVING STATION	30950/073509	\$ 339,002	\$ 115,252	\$ -	\$ 150,000
52 SERVICE AREA GEO ANALYSIS	30950/123507	\$ 2,468	\$ 2,468	\$ -	\$ -
53 DRY CREEK BANK STABILIZATION	30950/133504	\$ 609,000	\$ 498,518	\$ -	\$ 25,000
54 DRY CREEK WWTP NITRATE PROCESS IMPROVEMENTS	30950/143505	\$ 100,000	\$ -	\$ -	\$ 75,000
55 PGWWTP EXPANSION	30950/153507	\$ 5,000,000	\$ 8,533	\$ -	\$ 1,500,000
TOTAL (includes completed projects)		\$ 267,286,730	\$ 261,008,906	\$ -	\$ 1,844,999

1) Includes \$3 million budget increase to be billed and paid from operations/rehab Completed Projects: closed to further spending

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 11, 2015

FROM: Janet Vargas

AUTHORITY COMMUNICATION NO.: 15-16

SUBJECT: Annual Operating Budget for Fiscal Year 2015-2016

For SPWA Board Meeting 6/25/15

ACTION REQUESTED

Adopt the annual operating budget for fiscal year 2015-2016.

BACKGROUND

Subsection d. (4) of Section 7 of the Joint Exercise of Powers Agreement provides that the Board shall adopt a budget for the following fiscal year no later than June 30th of each year.

The attached budget for the Authority represents the estimates of revenues and expenditures for the Authority for the fiscal year 2015-2016 (FY16). The Board will have an opportunity to review, and adjust as necessary, the annual budget at mid-year.

2014-2015 (FY15) Estimated Revenues and Operating Expenditures (Current Year)

Included in the budget is an estimate of revenues and operating expenditures for the current fiscal year.

- Interest earnings, net of amortized premiums and unrealized gains/losses are a bit higher than FY14 due to favorable investments and higher investment balances.
- Connection fees are lower than originally budgeted due to over anticipation of development that is picking up, but not at the pace we had hoped.
- No significant changes are expected in operating expenditures.

2015-2016 Estimated Revenues

Connection fees have been projected at \$10,942,037 (\$6,335,244 for Roseville, \$3,616,007 for the District, and \$990,786 for the County). These are conservative estimates and will be revisited at mid-year to see what is happening with development. Interest income, net of amortized premiums and unrealized gains/losses is also a bit conservative. It is a little higher than FY14, but a little lower than what is anticipated for FY15. We will also revisit this at mid-year.

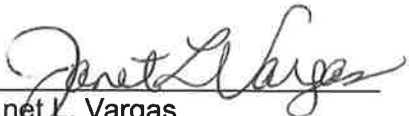
2015-2016 Estimated Operating Expenditures

Total operating expenditures for FY16 are approximately 2% higher than the FY15 budget. This is due to higher staff costs in anticipation of spending more time with a new audit firm. Authority staff line items include both direct and indirect costs related to administration of the Authority. Indirect costs include the city attorney, city manager, and certain finance personnel, etc., who do not charge directly to the Authority. Legal and financial advisory services include projected costs for possible agreement and financial reviews.

The Capital Improvement Projects Budget for FY16 is included in a separate agenda item.


Debt service payments for FY16 are expected to be approximately 3% higher than FY15.

Submitted by:



Janet L. Vargas
Administrative Analyst II

Approved by:



Kenneth J. Glotzbach
Executive Director

South Placer Wastewater Authority: FY 2015-16 Budget

Rate Stabilization Fund

	Actual 2013-14	Estimated 2014-15	Budget 2015-16
AVAILABLE RESOURCES CARRY-OVER	\$ 97,760,396	\$ 99,053,880	\$ 97,083,276
ESTIMATED REVENUES			
Interest	592,762	742,250	662,341
Connection Fees	10,123,631	13,100,000	10,942,037
Proceeds from Borrowing	-	-	-
Miscellaneous Revenue	-	126,500	-
Repayment from County	577,030	500,000	500,000
Total Estimated Revenues	11,293,423	14,468,750	12,104,378
Total Estimated Available for Appropriation	109,053,819	113,522,630	109,187,654
LESS OPERATING EXPENSES			
JPA Staff	120,935	133,460	138,725
Legal Services	1,880	50,000	50,000
Financial Advisory Services	18,742	25,000	25,000
Audit Services	23,946	25,000	25,000
Trustee/Investment Fees	-	-	-
Insurance	18,159	18,650	18,650
Copying/Mailing/Supplies	400	2,250	2,250
Travel/Meetings	-	500	500
Miscellaneous	6	10	10
Total Operating Expenses	184,068	254,870	260,135
LESS ESTIMATED CAPITAL EXPENDITURES	260,047	1,193,827	-
LESS DEBT SERVICE PAYMENTS	9,555,824	9,465,000	9,734,772
Total Estimated Expenditures	9,999,939	10,913,697	9,994,907
LESS RESERVE FOR UNEXPENDED CAPITAL BUDGET		5,525,657	
ESTIMATED AVAILABLE RESOURCES	\$ 99,053,880	\$ 97,083,276	\$ 99,192,747

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2015-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING
OPERATING BUDGET FOR FY 2015-2016**

BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority that the Operating Budget for FY 2015-2016 is hereby approved as presented to the Board at this meeting; and

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to reallocate budgeted amounts among the line-items in the approved Operating Budget, as he may deem necessary or desirable; provided, however, that the total amount budgeted for FY 2015-2016 shall not be increased without the Board's prior approval.

PASSED AND ADOPTED this 25th day of June, 2015, by the following vote on roll call:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary