

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.

The meeting is accessible to the disabled. In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Voice:(916) 774-5770, TDD: (916) 774-5220. Requests must be made as early as possible

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 10, 2018

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 18-01

SUBJECT: Election of a New Chairperson and Vice-Chairperson

For SPWA Board Meeting of January 25, 2018

Action Requested

Staff requests the Board elect a new Chairperson and Vice-Chairperson at this meeting.

Discussion

The current Board Chairperson and Vice-Chairperson were elected at the South Placer Wastewater Authority's regular meeting on January 26, 2017. The Board Bylaws state that the Chairperson and Vice-Chairperson shall serve for a 1-year term or until a new Chairperson and Vice-Chairperson are appointed.

SOUTH PLACER WASTEWATER AUTHORITY

John Allard – Roseville (*Chair*)
Jack Duran – Placer County (*Vice Chair*)
Bonnie Gore – Roseville
Jerry Mitchell – SPMUD
Robert Weygandt – Placer County

MINUTES OF BOARD OF DIRECTORS' MEETING August 17, 2017

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:

John Allard
Jack Duran
Bonnie Gore
Jerry Mitchell
Robert Weygandt

Staff Present:

Sabrina Thomas, JPA Counsel
Ken Glotzbach, Executive Director
Jay Panzica, Treasurer
Karen Sainsbury, Secretary

Roll Call

All Directors were present.

Introductions

The following were in attendance: Jacquelyn Flickinger, Janet Vargas, George Hanson, and Joe Mandell from the City of Roseville; Herb Niederberger from SPMUD; Bill Zimmerman and Kathy Kane from Placer County; Adam Ross from Brown & Caldwell, Phillip Curls from FirstSouthwest, Dave Fama of Jones Hall, and Jim Viele and James McHan from the Roseville Public Utilities Commission.

Approval of Minutes, June 29, 2017

A vote was taken as follows:

MOTION by Director Mitchell seconded by Director Duran to approve the June 29, 2017 minutes. The vote was unanimous.

Old Business Items

None.

New Business Items

Executive Director Ken Glotzbach requested approval to reorder agenda item #4 before #3. Chair Allard approved the request.

1. Information: Overview of Proposed 2017 Financing Plan

Phillip Curls provided an update on the proposed financing plan for the Pleasant Grove Wastewater Treatment Plant Expansion and Recovery Project.

2. Resolution: Approval of Debt Management Policy for the Authority

Dave Fama of Jones Hall presented the Debt Management Policy for approval.

Director Duran requested inclusion of language stating the Authority's Chairperson will be notified of any proposed policy revisions.

MOTION by Director Duran seconded by Director Gore to approve Resolution 2017-08 as amended. The vote was unanimous.

4. Resolution: Approval of Resolutions in Connection with State Water Quality Control Board Clean Water State Revolving Fund Funding

Director Duran shared the County has years of experience with the State Revolving Fund process and suggested Ken Glotzbach speak to County staff for additional information.

MOTION by Director Duran seconded by Director Weygandt to approve Resolutions 2017-10 through 2017-14. The vote was unanimous.

3. Resolution: Approval of the Sale of Wastewater Bonds and Related Agreements

Director Duran requested staff include a dispute resolution process and meet and confer time table in the language of the Contract of Purchase.

MOTION by Director Gore seconded by Director Weygandt to approve Resolutions 2017-09. The vote was unanimous.

5. Resolution: Review of Pleasant Grove Wastewater Treatment Plant Energy Improvements

Ken Glotzbach and Adam Ross provided an update on the benefits of the Energy Recovery Project.

Reports/Comments – Board Members/Staff

The next Authority meeting will be held on January 25, 2018.

Public Comment

None

Adjournment

The meeting was adjourned at 10:08 a.m.

John Allard
Chair

Karen Sainsbury
Secretary to the Board

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 8, 2018
Board of Directors

FROM: Jay Panzica, Treasurer
Vanessa Lieberman, Financial Analyst

AUTHORITY COMMUNICATION NO.: 18-02

SUBJECT: Debt Review – FY2017-18

For SPWA Board Meeting 1/25/18

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

The following report details a review of the Authority's outstanding debt, market commentary, and debt service budget, actual, and remaining forecast for FY2017-18.

SUMMARY OF OUTSTANDING DEBT

The South Placer Wastewater Authority currently has \$148.9 million of debt outstanding shown in the table below. Of the outstanding debt, 60% is fixed-rate and 40% is unhedged variable rate. The Authority has entered into an interest-rate swap with Morgan Stanley which is also referred to as a "synthetic" fixed-rate debt. The swap acts as a fixed-rate hedge for the majority of the Series 2013 bonds. The debt is currently rated A+ by Standard & Poor's and Fitch Ratings.

Summary of Outstanding Debt							
Series	Type	Issues Size	Outstanding Par	Coupon Range	Final Maturity	Expiration Date	% of Total Debt
2011C	Fixed	\$19,075,000	\$ 14,800,000	5.00%	11/1/2020	None	9.94%
2013	Variable	\$59,330,000	\$ 59,330,000	70.5% of 1m LIBOR + 0.55%	11/1/2035	4/1/2020	39.84%
2017	Fixed	\$74,780,000	\$ 74,780,000	5.00%	11/1/2037	None	50.22%
Total			\$ 148,910,000				

Summary of Outstanding Swap - Refunding						
Counterparty	Current Notional	SPWA Pays	SPWA Receives	Final Maturity	MTM Value (as of 12/31/2017)	Counterparty Ratings
Morgan Stanley	\$30,755,000	3.665%	62% of 1m LIBOR +0.26%	11/1/2023	(2,083.159)	BBB+ / A3 / A (S&P / Moody's / Fitch)

MARKET COMMENTARY

After a rate increase on December 14, 2016, the federal funds rate increased three times in 2017. On March 2017, the rate increased to 1 percent; on June 14, 2017, it was raised another 0.25 percent; and on December 13, 2017, it was raised an additional quarter point (0.25) for an overall total of 1.5 percent. The Federal Reserve has signaled that it will raise rates to 2 percent in 2018, 2.5 percent in 2019 and 3 percent in 2020. These rate increases controls short-term interest rates including LIBOR.

As of December 2017, the U.S. Central Bank established a new target funds rate range of 1.25 percent to 1.50 percent - up from the 0.50 percent to 0.75 percent range set in December 2016. Federal Open Market Committee (FOMC) members noted that gradual increases in the federal funds rate will be appropriate to sustain a healthy labor market and stabilize inflation around the FOMC's 2 percent objective. According to the statement released by the FOMC, job gains have been solid in recent months, and the unemployment rate has declined. Currently, 17 million more Americans are employed than eight years ago. Despite these labor market gains, wage growth has remained relatively modest.

The rate increase was clearly telegraphed by FOMC members in recent weeks and was reflected in the rise in interest rates this quarter. On December 26, 2017, the yield on two-year Treasury note had risen to their highest levels in nine years to 1.916 percent. As of December 29, 2017, the 10-year Treasury note is 2.54 percent.

BUDGET, ACTUAL, and FORECASTED ESTIMATES

As mentioned earlier, the Authority has a swap in place to synthetically fix the interest rates on the Series 2013 bonds. The swap functions as follows: the Authority pays a fixed interest rate of 3.665% to Morgan Stanley and in return receives an interest payment equal to 62% of the 1-month LIBOR rate plus 26 basis points. As a result, the net interest rate paid through December is approximately 2.124%. As stated in the market commentary section, rates have been on an uphill climb. Since July, rates have increased slightly from 1.415% to about 1.510% on the 2013 bonds. Staff has forecasted interest rates to reset at approximately 1.50% – 1.70% for the remainder of the year. The current projection for all debt service in FY 2017/18 is around \$14.165 million, an estimated \$5m higher than the budgeted amount of \$9.92 million.

On September 6, 2017, SPWA sold \$74.8 million of Wastewater Revenue Bonds, Series 2017 in order to (i) finance \$30.0 million of the Pleasant Grove Wastewater Treatment Plant Expansion Project, (ii) advance refund \$27.9 million of 2011C Bonds for significant savings, and (iii) refund \$29.1 million of 2014 SIFMA Index Bonds along with a termination of an equivalent amount of swap notional. Based on the Series 2017 transaction and the increase in interest rates, staff is recommending the following budget changes:

- i. Reduce the Series 2011C budget by (\$1,500,000)
- ii. Increase the Series 2013 debt service budget by \$350,000
- iii. Reduce the Series 2014 budget by (\$250,000)
- iv. Increase the SWAP debt service budget by \$4,140,000 due to the SWAP termination payment of \$5,159,00 paid during the Series 2017 transaction
- v. Add a budget for Series 2017 totaling \$2,220,242

The proposed changes total \$4.9m in additional budget needed for the Authority debt service.

Series	Annual Budget	Debt Service Paid 7/1/2017 - 12/31/2017	Estimated Remaining Debt Service	Proposed Budget Changes	Estimated Year-End Total
2011C	\$ 6,573,925	\$ 4,352,639	\$ 370,000	\$ (1,500,000)	\$ 351,286
2013	634,000	436,351	480,000	350,000	67,649
2014	459,000	157,927	-	(250,000)	51,073
SWAP	2,254,280	5,729,685	420,000	4,140,000	244,595 [1]
2017	-	342,742	1,876,000	2,220,242	1,500 [2]
Total	\$ 9,921,205	\$ 11,019,343	\$ 3,146,000	\$ 4,960,242	\$ 716,104

[1] The SWAP unwind fee was \$5,159,000

[2] There is currently no budget for the recently issued Series 2017 SPWA bonds

Submitted by:




Vanessa Lieberman
Financial Analyst

Approved by:



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 8, 2018

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO.: 18-03

SUBJECT: Investment Review

For SPWA Board Meeting 1/25/18

ACTION REQUESTED

None required. This is an information item.

BACKGROUND

The following report provides a market overview and details the performance, sector distribution, and duration of the Authority's investments through November 30, 2017.

INVESTMENTS

The primary goal of the investment portfolio is preservation of principal, adequate liquidity to meet current obligations, and a strategy for optimizing income without violating the risk constraints of the investment policy. As of November 30, 2017, the portfolio's market value was \$115 million and mainly consisted of Corporates, Federal Agencies (bullets, callables, and step-ups), and money market cash to meet current obligations.

RESERVE FUND

The remaining funds, \$8.5m, are the Authority's bond reserve funds held by the fiscal agent. These funds are restricted per the Bond Indenture and can only be used if the Authority is unable to make debt service payments. Funds in excess of the Reserve Requirement are returned to the Authority.

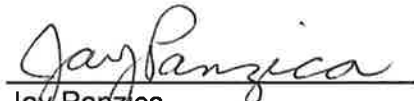
REPORT

The Schedule of Investments and the Reserve Fund statement for November 2017 is attached to this report.

Submitted by:



Jacquie Clarizio
Financial Analyst



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER

AUTHORITY
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City of Roseville CA

**So Placer Wastewater Authority
 Portfolio Management
 Portfolio Summary
 November 30, 2017**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C
City of Roseville Cash Pool*	17,890,344.78	17,890,344.78	17,890,344.78	15.64	1	1	1.522
Money Market Funds	7,151,277.35	7,151,277.35	7,151,277.35	6.21	1	1	0.678
Local Agency Investment Funds	9,181,067.31	9,181,067.31	9,181,067.31	7.97	1	1	1.084
Corporate Notes	25,415,000.00	25,294,869.85	25,480,215.15	22.19	1,378	828	1.720
Federal Agency Coupon Securities	55,000,000.00	54,064,340.00	54,998,253.33	47.76	1,593	543	1.363
Supra-National Agency Bond	445,000.00	443,584.90	444,868.78	0.39	1,142	188	1.058
Investments	115,082,609.42	114,045,574.17	115,148,026.68	100.00%	1,071	399	1.401

Total Earnings November 30 Month Ending **Fiscal Year To Date**
 Current Year **141,015.81** 688,014.98
Average Daily Balance **118,466,905.53** **118,565,381.70**
Effective Rate of Return **1.45%** **1.41%**

*Estimated balance as of 11/30/2017
 Market values provided by US BANK, 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.

[Signature] 12-19-17 DATE
 Ken Grunzback, Executive Director
[Signature] 12/19/17 DATE
 Jay Patzka, Treasurer

Reporting period 11/01/2017-11/30/2017

Run Date: 12/14/2017 - 09:52

Portfolio SPWA
 AP
 PM (PRE PM) 7.3.0
 Report Ver. 7.3.6

**So Placer Wastewater Authority
Portfolio Management
Interest Earnings Summary
November 30, 2017**

	November 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	87,812.27	494,943.40
Plus Accrued Interest at End of Period	344,785.32	344,785.32
Less Accrued Interest at Beginning of Period	(326,862.76)	(312,958.17)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	105,734.83	526,770.55
Adjusted by Premiums and Discounts	-3,054.02	-15,263.19
Adjusted by Capital Gains or Losses	0.00	10.92
Earnings during Periods	102,680.81	511,518.28
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
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	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	4,497,373.09	4,497,373.09
Less Accrued Interest at Beginning of Period	(4,459,038.09)	(4,319,876.39)
Interest Earned during Period	38,335.00	177,496.70
Total Interest Earned during Period	144,069.83	704,267.25
Total Adjustments from Premiums and Discounts	-3,054.02	-15,263.19
Total Capital Gains or Losses	0.00	10.92
Total Earnings during Period	141,015.81	689,014.98

So Placer Wastewater Authority
Fund 001 - SPWA
Investments by Fund
November 30, 2017

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
City of Roseville Cash Pool*											
SYS10048	10048	City of Roseville Cash Pool	07/01/2017	17,890,344.76	17,890,344.76	17,890,344.76	1.522	1.501	1.522		1
			Subtotal and Average	17,890,344.76	17,890,344.76	17,890,344.76		1.501	1.522		1
Money Market Funds											
431114503	10434	US BANK	07/01/2017	7,151,277.35	7,151,277.35	7,151,277.35	0.678	0.668	0.678		1
			Subtotal and Average	7,151,277.35	7,151,277.35	7,151,277.35		0.669	0.678		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2017	9,181,067.31	9,181,067.31	9,181,067.31	1.084	1.069	1.084		1
			Subtotal and Average	9,181,067.31	9,181,067.31	9,181,067.31		1.069	1.084		1
Corporate Notes											
0258M0DP1	10622	AMERICAN EXPRESS MTN	01/11/2016	1,002,775.57	1,000,000.00	1,001,190.00	2.250	2.051	2.080	08/15/2019	622
02665WAT8	10587	AMERICAN HONDA FINANCE GLOBAL	03/13/2015	569,927.86	570,000.00	569,806.20	1.500	1.524	1.545	03/13/2018	102
037833CC2	10637	APPLE INC GLOBAL NOTES	08/17/2016	2,852,506.67	2,850,000.00	2,769,744.00	1.550	1.504	1.525	08/04/2021	1,342
06406HDB2	10603	Bank of New York Trust Company	05/29/2015	1,584,977.27	1,585,000.00	1,583,874.65	1.600	1.581	1.603	05/22/2018	172
14912L6F3	10623	CATERPILLAR FINANCIAL SE	01/11/2016	1,004,012.99	1,000,000.00	1,002,490.00	2.250	2.012	2.040	12/01/2019	730
17275RAU6	10606	CISCO SYSTEMS	06/17/2015	1,704,947.40	1,705,000.00	1,704,812.45	1.650	1.633	1.655	06/17/2018	198
181216BF6	10624	COCA-COLA CO	01/11/2016	1,003,861.45	1,000,000.00	999,170.00	1.650	1.203	1.220	11/01/2018	335
22160KAG0	10617	COSTCO WHOLESale	10/13/2015	1,003,179.96	1,000,000.00	994,120.00	1.750	1.578	1.600	02/15/2020	806
30231GAL6	10586	EXXON MOBIL CORP NOTES	03/06/2015	1,460,000.00	1,460,000.00	1,459,255.40	1.305	1.287	1.305	03/06/2018	95
40428HPV8	10618	HSBC USA Global Notes	10/09/2015	2,011,506.49	2,000,000.00	2,019,700.00	2.750	2.485	2.520	08/07/2020	980
459200HZ7	10579	IBM CORP GLOBAL NOTES	02/06/2015	1,749,878.78	1,750,000.00	1,748,495.00	1.125	1.212	1.228	02/06/2018	67
24422ERR2	10625	JOHN DEERE CAP MTN	01/11/2016	1,004,916.48	1,000,000.00	1,002,450.00	2.250	1.854	1.880	04/17/2019	502
46623EKD0	10584	JP MORGAN CHASE CORP NOTES	03/02/2015	1,644,964.33	1,645,000.00	1,645,065.60	1.700	1.685	1.708	03/01/2018	90
713446CR7	10597	PEPSICO INC GLOBAL NOTES	04/30/2015	184,996.94	185,000.00	184,657.75	1.250	1.236	1.254	04/30/2018	150
713446CK2	10630	PEPSICO INC GLOBAL NOTES	05/31/2016	2,019,825.98	2,000,000.00	2,007,420.00	2.250	1.311	1.329	01/07/2019	402
747525AD5	10619	QUALCOMM INC	10/09/2015	1,503,489.98	1,500,000.00	1,486,245.00	2.250	2.120	2.150	05/20/2020	901
89236TCA1	10573	TOYOTA MOTOR CREDIT CORP COMM	01/12/2015	164,989.90	165,000.00	164,973.60	1.450	1.484	1.505	01/12/2018	42
948746SA0	10639	WELLS FARGO & COMPANY	08/05/2016	3,009,647.74	3,000,000.00	2,951,490.00	2.100	1.979	2.006	07/26/2021	1,333
			Subtotal and Average	25,480,215.15	25,415,000.00	25,294,959.85		1.696	1.720		631

**Fund 001 - SPWA
Investments by Fund
November 30, 2017**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
Federal Agency Coupon Securities											
3133EGCL7	10631	Federal Farm Credit Bank	06/01/2016	5,000,000.00	5,000,000.00	4,952,250.00	1.250	1.233	1.250	09/01/2019	455
3130A93A7	10640	Federal Home Loan Bank	08/24/2016	2,000,000.00	2,000,000.00	1,981,960.00	1.750	0.986	1.000	08/24/2021	1,362
3130A92D2	10641	Federal Home Loan Bank	08/25/2016	10,000,000.00	10,000,000.00	9,685,000.00	1.520	1.499	1.520	08/25/2021	1,363
3134G7S77	10616	Federal Home Loan Mtg Corp	10/29/2015	1,998,253.33	2,000,000.00	1,974,060.00	1.250	1.169	1.186	10/29/2020	1,063
3134G8VZ9	10626	Federal Home Loan Mtg Corp	04/28/2016	4,000,000.00	4,000,000.00	3,933,920.00	1.375	1.232	1.250	04/28/2021	1,244
3134G9AD9	10627	Federal Home Loan Mtg Corp	04/29/2016	2,000,000.00	2,000,000.00	1,964,660.00	1.500	1.479	1.500	04/28/2021	1,244
3134G9KW6	10629	Federal Home Loan Mtg Corp	05/26/2016	5,000,000.00	5,000,000.00	4,946,660.00	1.350	1.331	1.350	11/26/2019	725
3134G9KB2	10632	Federal Home Loan Mtg Corp	06/13/2016	5,000,000.00	5,000,000.00	4,961,850.00	1.500	1.232	1.249	06/09/2021	1,286
3134G9QV2	10633	Federal Home Loan Mtg Corp	06/15/2016	5,000,000.00	5,000,000.00	4,936,700.00	1.450	1.430	1.450	06/15/2020	927
3134G94K0	10638	Federal Home Loan Mtg Corp	08/10/2016	2,500,000.00	2,500,000.00	2,450,925.00	1.310	1.292	1.310	02/10/2020	801
3134GAEF7	10643	Federal Home Loan Mtg Corp	09/29/2016	3,500,000.00	3,500,000.00	3,437,455.00	1.650	1.627	1.650	09/29/2021	1,398
3134GAVP6	10645	Federal Home Loan Mtg Corp	11/04/2016	2,000,000.00	2,000,000.00	1,977,820.00	1.100	1.084	1.100	11/04/2021	1,484
3136G3SD8	10635	Federal National Mtg Assn	06/13/2016	5,000,000.00	5,000,000.00	4,916,850.00	1.330	1.311	1.330	12/31/2019	742
3136G3VK8	10636	Federal National Mtg Assn	07/21/2016	2,000,000.00	2,000,000.00	1,962,040.00	1.500	1.479	1.500	07/21/2021	1,328
		Subtotal and Average		54,998,253.33	55,000,000.00	54,084,340.00		1.344	1.363		1,073
Supra-National Agency Bond											
459058EJ8	10596	INTL BANK OF RECON AND DEV	04/30/2015	444,868.78	445,000.00	443,584.90	1.000	1.041	1.055	06/15/2018	196
		Subtotal and Average		444,868.78	445,000.00	443,584.90		1.041	1.056		196
		Total Investments and Average		115,146,026.68	115,082,689.42	114,045,574.17		1.382	1.401		653



BNY MELLON

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

Account Statement

Statement Period 11/01/2017 Through 11/30/2017

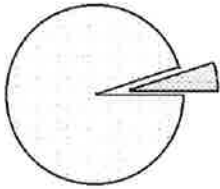
Account 322068
SO PLACER 2011 AND 2017 PARITY RES

CLIENT SERVICE MANAGER: WADE WINKLER
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Account Overview



Percent of all Investments	Asset Classification	Market Value
95%	FIXED INCOME	8,072,252.78
5%	CASH AND SHORT TERM	454,721.98
100%	TOTAL OF ALL INVESTMENTS	8,526,974.76

Summary of Assets Held

Asset Classification	Market Value	Cost	Accrued Income	Est Annual Income	Market Yield
FIXED INCOME	8,072,252.78	8,184,306.74	3,123.47	109,286.50	1.35%
CASH AND SHORT TERM	454,721.98	454,721.98	0.00	2,945.20	0.65%
ACCOUNT TOTALS	8,526,974.76	8,639,028.72	3,123.47	112,231.70	1.32%

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
DIVIDENDS	207.83	0.00	0.00	385.06	0.00
INTEREST	54,643.25	0.00	0.00	109,142.02	0.00
OTHER CASH ADDITIONS	0.00	0.00	0.00	0.00	330,698.75
PURCHASES	54,851.08 -	0.00	0.00	109,527.08 -	330,698.75 -
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 11/01/2017 Through 11/30/2017

Account 322068

SO PLACER 2011 AND 2017 PARITY RES

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					
4,582,000.000	FEDERAL NATIONAL MORTGAGE ASSOCIATION CUSIP: 3135G0R62 MATURITY DATE: 11/15/2019 RATE: 1.250% MOODY'S Aaa S&P AA+	98.69800 100.20000	4,522,342.36 4,591,164.00	2,545.56 57,275.00	1.27%
3,587,000.000	FEDERAL HOME LOAN MORTGAGE CORP CUSIP: 3134GAYW8 MATURITY DATE: 11/27/2019 RATE: 1.450% MOODY'S Aaa S&P AA+	98.96600 100.17125	3,549,910.42 3,593,142.74	577.91 52,011.50	1.47%
Total FIXED INCOME			8,072,252.78	3,123.47	1.35%
CASH AND SHORT TERM					
345,170.300	DREYFUS INS RES TSY AGY CH ADV 6541 CUSIP: X9USDEFRU	1.00000 1.00000	345,170.30 345,170.30	0.00 2,235.64	0.65%
109,551.680	INSTL RES TRE AND AGNY CASH ADV6541 CUSIP: X9USDEFRU	1.00000 1.00000	109,551.68 109,551.68	0.00 709.56	0.65%
Total CASH AND SHORT TERM			454,721.98	0.00	0.65%
ACCOUNT TOTALS			8,526,974.76	3,123.47	1.32%
			8,639,028.72	112,231.70	

Total Market Value Plus Total Accrued Income 8,530,098.23

Statement of Transactions

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
11/01/17	OPENING BALANCE	0.00	0.00	8,584,177.64	
11/02/17	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/02/17 SET/DATE 11/02/17 CUSIP X9USDEFRU 207.830 SHARES	207.83 -	0.00	207.83	0.00
11/02/17	Dividend DREYFUS INS RES TSY AGY CH ADV 6541 TRADE DATE 11/02/17 SET/DATE 11/02/17 CUSIP X9USDEFRU 207.830 SHARES	207.83	0.00	0.00	0.00
11/02/17	DAILY ENDING BALANCE	0.00	0.00	8,584,385.47	0.00
11/15/17	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/15/17 SET/DATE 11/15/17 CUSIP X9USDEFRU 28,637.500 SHARES	28,637.50 -	0.00	28,637.50	0.00
11/15/17	Interest FEDERAL NATIONAL MORTGAGE ASSOCIATION RATE: 1.250% MATURITY: 11/15/19 TRADE DATE 11/15/17 SET/DATE 11/15/17 CUSIP 3135G0R62 4,582,000.000 SHARES	28,637.50	0.00	0.00	0.00
11/15/17	DAILY ENDING BALANCE	0.00	0.00	8,613,022.97	0.00
11/27/17	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 11/27/17 SET/DATE 11/27/17 CUSIP X9USDEFRU 26,005.750 SHARES	26,005.75 -	0.00	26,005.75	0.00
11/27/17	Interest FEDERAL HOME LOAN MORTGAGE CORP RATE: 1.450% MATURITY: 11/27/19 TRADE DATE 11/27/17 SET/DATE 11/27/17	26,005.75	0.00	0.00	0.00

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BNY MELLON

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

Statement Period 11/01/2017 Through 11/30/2017

Account 322068

SO PLACER 2011 AND 2017 PARITY RES

Statement of Transactions - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
	CUSIP 3134GAYW8 3,587,000.000 SHARES				
11/27/17	DAILY ENDING BALANCE	0.00	0.00	8,639,028.72	0.00
11/30/17	CLOSING BALANCE	0.00	0.00	8,639,028.72	0.00

Cumulative realized capital gain and loss position from 12/31/2016 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.

Cash and securities set forth on this Account Statement are held by The Bank of New York Mellon, an affiliate of The Bank of New York Mellon Trust Company, N.A. In addition, The Bank of New York Mellon Trust Company, N.A. may utilize subsidiaries and affiliates to provide services and certain products to the Account. Subsidiaries and affiliates may be compensated for their services and products.

The value of securities set forth on this Account Statement are obtained by The Bank of New York Mellon Trust Company, N.A., from its affiliate, The Bank of New York Mellon which determines such values for Corporate Trust on the basis of market prices and information obtained by The Bank of New York Mellon from unaffiliated third parties (including independent pricing vendors) ("third party pricing services"). The Bank of New York Mellon has not verified such market values or information and makes no assurances as to the accuracy or correctness of such market values or information or that the market values set forth on this Account Statement reflect the value of the securities that can be realized upon the sale of such securities. In addition, the market values for the securities set forth in this Account Statement may differ from the market prices and information for the same securities used by other business units of The Bank of New York Mellon Trust Company, N.A., The Bank of New York Mellon or their respective subsidiaries or affiliates based upon market prices and information received from other third party pricing services utilized by such other business units. Corporate Trust does not compare its market values with those used by, or reconcile different market values used by, other business units of The Bank of New York Mellon Trust Company, N.A., The Bank of New York Mellon or their respective subsidiaries or affiliates. Neither The Bank of New York Mellon Trust Company, N.A. nor The Bank of New York Mellon shall be liable for any loss, damage or expense incurred as a result of or arising from or related to the market values or information provided by third party pricing services or the differences in market prices or information provided by other third party pricing services.

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 8, 2018

FROM: Kenneth J. Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 18-04

SUBJECT: Capital Improvement Projects Update

For SPWA Board Meeting of January 25, 2018

ACTION REQUESTED

This item is for information only. No action is necessary.

SPWA Project Updates

There are presently two active projects. An update on the current project activities is below.

Pleasant Grove Wastewater Treatment Plant Expansion and Energy Projects

Design work necessary to secure a construction contractor is essentially complete for both the Pleasant Grove Wastewater Treatment Plant Expansion (Pleasant Grove WWTP) and Energy projects.

Staff also submitted all application materials to the State Revolving Fund (SRF) program in October to begin the process for securing that portion of the project funding. In order for our construction costs to remain eligible for reimbursement under the SRF program, a funding agreement with SRF must be fully executed before project construction contracting activity can begin. Construction work will begin as soon as funding arrangements with the SRF is completed.

SRF staff have indicated they are experiencing significant delays in processing applications due to staff shortages. The SPWA application is being actively reviewed by SRF staff and they have started the second of three stages of the review process. However, the third stage of the process (legal review) has been most impacted by their staff shortage and is likely to have the greatest impact the project timeline. At present, we anticipate having clearance to begin the Pleasant Grove WWTP projects in the third quarter of this year if SRF funding is available.

These schedule delays are not yet creating a situation where the necessary expansion work will fall behind area growth and create a treatment capacity problem. Staff will continue to monitor service area growth, and if necessary, pursue alternative funding arrangements including additional independent SPWA bonds.

Dry Creek Bank Stabilization

Construction activity for this project is complete but it remains open in order to monitor environmental permitting and mitigation requirements. At the end of calendar year 2017, project mitigation was completed for year three (3) of the five (5) years required. All other project work was previously completed.

Submitted by:



Kenneth J. Glotzbach
Executive Director

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority Board of Directors

DATE: January 9, 2018

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 18-05

SUBJECT: Audited Financial Statement for the fiscal year ended June 30, 2017

For SPWA Board Meeting 1/25/18

ACTION REQUESTED

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

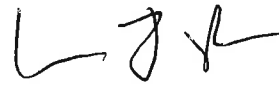
The attached audited financial statement and the communication to those charged with governance letter are for the fiscal year ended June 30, 2017. SPWA received an unmodified (clean opinion) and no findings were included in the report.

Submitted by:


Jacquelyn Flickinger, CPA
Controller

Approved:


Jay Panzica
Treasurer


Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY
CITY OF ROSEVILLE, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

SOUTH PLACER WASTEWATER AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors of the
South Placer Wastewater Authority
Roseville, California

Report of the Financial Statements

We have audited the accompanying financial statements of the South Placer Wastewater Authority (Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

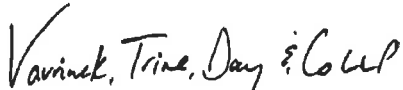
Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The analysis of rate stabilization restricted net position (supplementary information) on page 21 is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Sacramento, California
December 22, 2017

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2017**

ASSETS

Cash and investments in City Treasury	\$ 21,503,557
Investments	90,585,529
Restricted investments with fiscal agent	8,118,068
Accrued interest receivable	411,785
Due from other governments	5,611,950
Permit fees receivable	<u>2,534,030</u>
Total Assets	<u>128,764,919</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	<u>7,412,840</u>
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LIABILITIES

Current Liabilities:

Accounts payable and other liabilities	1,175,506
Long-term debt	
Due in one year	4,275,000
Long-term liabilities:	
Derivative at fair value	7,412,840
Long-term debt	
Due in more than one year	<u>134,053,029</u>
Total Liabilities	<u>146,916,375</u>

NET POSITION

Restricted for:	
Rate stabilization	120,308,616
Debt service	7,833,251
Unrestricted (deficit)	<u>(138,880,483)</u>
Total Net Position (Deficit)	<u>\$ (10,738,616)</u>

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

OPERATING REVENUES

Connection fees contributed by members \$ 21,861,824

OPERATING EXPENSES

Costs of capital assets contributed to the City:

Construction costs 4,022,980

Personnel services and administration 166,419

Total operating expenses 4,189,399

Operating income 17,672,425

NON-OPERATING REVENUES (EXPENSES):

Payments from the County under repayment agreement 500,000

Interest earned on connection fees 1,504,111

Interest earned on investments with fiscal agent 44,673

Net increase (decrease) in the fair value of investments (1,315,376)

Debt service interest, variable bond interest, fiscal agent fees, and amortization (5,353,118)

Total nonoperating revenues (expenses) (4,619,710)

Change in Net Position 13,052,715

Net Position (Deficit) - Beginning (23,791,331)

Net Position (Deficit) - Ending \$ (10,738,616)

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

CASH FLOW FROM OPERATING ACTIVITIES:

Receipts from members	\$ 17,008,938
Payments to contractors	(3,559,375)
Payments to the City for personnel services and administration	(166,419)
Net cash provided by operating activities	<u>13,283,144</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts from the County under repayment agreement	500,000
Principal payments on capital debt	(3,985,000)
Interest paid on long-term debt	(5,680,677)
Net cash used for capital and related financing activities	<u>(9,165,677)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>74,383</u>
Net increase in cash and cash equivalents	4,191,850
Cash and investments at beginning of year	<u>116,015,304</u>
Cash and investments at end of year	<u>\$ 120,207,154</u>

Reconciliation of program expense to net cash provided by (used for) operating activities:

Operating income	\$ 17,672,425
Change in assets and liabilities:	
Accounts receivable	24,889
Due from other governments	(3,914,056)
Permit fees receivable	(963,719)
Accounts payable and other liabilities	463,605
Net cash provided by operating activities	<u>\$ 13,283,144</u>

NONCASH INVESTING ACTIVITIES

Changes in the fair value of derivative	<u>\$ (4,111,298)</u>
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NONCASH CAPITAL FINANCING ACTIVITIES

Amortization of deferred bond premium	<u>\$ (327,559)</u>
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See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The South Placer Wastewater Authority (Authority) is a Joint Powers Agreement created in October, 2000 which is financing the construction of the Pleasant Grove Wastewater Treatment Plant and improvements to the Dry Creek Wastewater Treatment Plant, referred to collectively as the Regional Wastewater Facilities.

The members of the Authority are the City of Roseville (City), South Placer Municipal Utility District (SPMUD) and the County of Placer (County). The Authority's governing board is comprised of five directors as appointed by the member agencies. Two directors are appointed by the City, one director is appointed by SPMUD, and two directors are appointed by the County. Each representative of the governing board has one vote.

In addition, the members entered into a Funding Agreement and Operations Agreement to provide for the funding and operation of the Regional Wastewater Facilities. Under the Funding Agreement the members agreed that the City will own and operate the Regional Wastewater Facilities and that the other members will have an interest in the capacity of those facilities. Capital construction costs are transferred to the City annually.

The members of the Authority amended the Joint Powers Authority Agreement and also entered into an Amended and Restated Funding Agreement and a Reallocation and Repayment Agreement effective October 1, 2012. The Amended and Restated Funding Agreement changed the proportionate shares of each member for cost allocations as follows:

- 1) The City from 54.17% to 61.66%
- 2) SPMUD from 25.00% to 22.43%
- 3) The County from 20.83% to 15.91%

The intent of the Amended and Restated Funding Agreement is that, notwithstanding short-term variances in the respective member contributions of Regional Connection Fees or other funds, the members' total respective financial contributions to capital costs (whether financed by Bonds, funded by Regional Connection Fees, or other sources) should be directly proportional to the members' respective actual usage of the wastewater treatment capacity made available by the construction of Regional Wastewater Facilities.

The Reallocation and Repayment Agreement also provides for the County's elimination of the deficit in its Rate Stabilization Fund subaccount. The Agreement required the County to make an initial deposit of \$5,000,000 during fiscal year 2013, followed by quarterly payments of \$125,000. The County made reimbursement payments of \$500,000 during fiscal year 2017.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Organization and Purpose (Continued)

Members contribute connection fees they collect from developers. These connection fees are expected to be sufficient to fund the entire cost of the debt service on the Plant's construction, including principal and interest. These contributions are made monthly.

The Authority may not be terminated, and no member agency may withdraw its membership, until all bonds or other indebtedness issued by the Authority have been paid in full.

The Authority has no employees and substantially all staff services are performed by the City's personnel. Costs incurred by the City to provide such services are reimbursed by the Authority. The accounting records of the Authority are maintained by the City.

The Authority is considered to be a separate legal entity and is not a component unit of the above members.

B. Basis of Presentation

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position display information about the Authority. These statements include the financial activities of the Authority overall. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Revenues, Expenses and Changes in Net Position presents operating revenues and expenses and non-operating activities. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenue for the Authority is connection fees contributed by members. Operating expenses include the costs of personnel services and administration and construction costs of assets contributed to the City. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The Authority is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets, all liabilities and all deferred inflows/outflows of resources of the enterprise are recorded on its statement of net position and, under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

The Authority has only one fund which is the main operating fund of the Authority. It is used to account for all financial resources of the Authority. This fund is used to pay all administrative, operating, construction and other expenses incurred by the Authority, and to account for member contributions and charges.

D. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Authority has only one item that qualifies for reporting in this category. It is the accumulated decrease in the fair value of hedging derivatives reported in the statement of net position. An accumulated decrease in the fair value of hedging is equal to the fair value of the associated derivative instrument liability so long as the instrument is deemed an effective hedge under the provisions of GASB Statement No. 53.

E. Cash and Cash Equivalents

All cash and investments are held either in the City's investment pool or by a fiscal agent. For purposes of the statement of cash flows, the Authority considers the cash and investment balance to be cash and cash equivalents.

F. Interest Income Allocation

Interest income is credited to capital construction costs and member contributions based on the source of the interest earned. Interest earned on restricted investments with fiscal agents is credited to capital construction costs and all other interest is accounted for as interest on contributions.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fair Value Measurement

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 3 inputs.

The Authority is a participant in the City-wide cash and investment pool (City Pool). The City Pool is an external investment pool, is not rated, and is not registered with the Securities Exchange Commission (SEC). The City's Chief Financial Officer conducts City Pool oversight. Cash on deposit in the City Pool at June 30, 2017, is stated at fair value. The City Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The fair value adjustment at June 30, 2017 decreased the Authority's investment income by \$1,315,376. For further information regarding the City Pool, refer to the City of Roseville Comprehensive Annual Financial Report.

H. Net Position

Net Position is the excess of all the Authority's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. The Authority's net position is divided into two segments, restricted and unrestricted.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. At June 30, 2017, restrictions included:

Restricted for **rate stabilization** represents the portion of net position restricted for future use in the event development fees are not adequate to meet the required ratio of revenue to expenses required under bond indentures.

Restricted for **debt service** represents the portion of net position held in reserve in the event other resources of the Authority are not adequate to make required debt service payments.

Unrestricted describes the portion of net position which is not legally or contractually restricted as to use.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows/inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS

The Authority pools cash from all sources and all funds except cash with fiscal agents in the City’s investment pool. The Authority’s cash and investments balance held in the City’s investment pool at June 30, 2017 is \$21,503,557. The City’s investment pool is not rated and is not registered with the Securities Exchange Commission (SEC). The Authority’s position in the City’s investment pool at June 30, 2017 is stated at fair value. For further information regarding the City’s investment pool, refer to the City of Roseville Comprehensive Annual Financial Report.

The Authority and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the Authority’s fiscal agents as required under its debt issues. In order to maximize security, the Authority employs the Trust Department of a bank as the custodian of all Authority managed investments, regardless of their form.

A. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Authority debt instruments or agreements.

Investments in the City's Treasury	\$ 21,503,557
Investments	90,585,529
Restricted investments with fiscal agent	<u>8,118,068</u>
Total Investments	<u><u>\$ 120,207,154</u></u>

B. Investments Authorized by the California Government Code and the Authority’s Investment Policy

The Authority’s investment policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Authority and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Authority’s Investment Policy where the Authority’s Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 Years	None	None	None
U.S. Agency	5 Years	None	None	None
Mortgage Pass-Through Securities	5 Years	AA-	20%	None
State of California or California Local Agency Bonds	5 Years	One of two highest rating categories	None	None
Registered State Treasury Notes or Bonds of the other 49 States	5 Years	None	None	None
Repurchase Agreements	30 days	None	None	None
Bankers’ Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	25%	10%
Medium-Term Notes	5 Years	A	30%	None
Collateralized Time Deposits	5 Years	None	30%	None
Negotiable Certificates of Deposit	5 Years	A	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	\$65 million
Insured Saving Accounts	N/A	None	None	None
Money Market Mutual Funds	N/A	None	20%	10%
Shares in a California Common Law Trust	N/A	None	None	None
Interest Rate Swaps	N/A	None	None	None
City of Roseville Pooled Investment Fund	N/A	None	None	None
Supranationals	5 years	AA-	30%	None

- (A) 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 with assets under management in excess of \$500,000,000.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Investments Authorized by Debt Agreements

The Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Authority ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quantity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	N/A	None	None	None
U.S. Agency Securities of Certain Agencies (A) (B)	N/A	None	None	None
Money Market Funds	N/A	AAA-m-G or AAA-m	None	None
Certificates of Deposit	360 days	A-1	None	None
Savings Accounts/Deposit Accounts (fully insured)	N/A	None	None	None
Investment Agreements including Forward Delivery Agreements	N/A	AA	None	None
State or Municipality Bonds/Notes	N/A	One of two highest rating categories	None	None
Federal Funds or Bankers' Acceptances	360 days	A-1	None	None
Commercial Paper	270 days	A-1	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None	\$65 million
California Asset Management Program	N/A	None	None	None

(A) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the Agency, provided they are backed by the full faith and credit of the United States of America, as follows:

- a. Certificates of beneficial ownership of the Farmers Home Administration
- b. Federal Housing Administration debentures
- c. Participations certificates of the General Services Administration
- d. Guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association
- e. Guaranteed Title XI financings of the U.S. Maritime Administration
- f. Project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development

(B) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit of the U.S. government agencies:

- a. Senior debt obligations of the Federal Home Loan Bank System
- b. Participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation
- c. Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association
- d. Senior debt obligations of the Student Loan Marketing Association
- e. Obligations of the Resolution Funding Corporation
- f. Consolidated system-wide bonds and notes of the Farm Credit System

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Authority’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority’s investments by maturity or earliest call date:

	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25-60 Months	
Federal Agency Securities	\$ 20,599,560	\$ 4,966,850	\$ 36,884,112	\$ 62,450,522
Supranational	443,509	-	-	443,509
Corporate Notes	10,536,174	4,031,530	12,308,390	26,876,094
Municipal Bonds	100,022	-	-	100,022
Money Market Mutual Funds	5,073,009	-	-	5,073,009
City of Roseville Investment Pool	21,503,557	-	-	21,503,557
Local Agency Investment Fund	3,760,441	-	-	3,760,441
Total Investments	<u>\$ 62,016,272</u>	<u>\$ 8,998,380</u>	<u>\$ 49,192,502</u>	<u>\$ 120,207,154</u>

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2017, these investments had an average maturity of 194 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2017 and had an average maturity of 17 days for the Dreyfus U.S. Treasury Money Market Fund and 34 days for the First American Money Market Fund.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2017, for each investment type as provided by standard and poor’s investment rating system:

	AAA/AAAm	AA+/AA/AA-	A+/A/A-	Total
<i>Investments:</i>				
Federal Agency Securities	\$ -	\$ 62,450,522	\$ -	\$ 62,450,522
Supranational	443,509	-	-	443,509
Corporate Notes	1,459,109	11,737,002	13,679,983	26,876,094
Municipal Bonds	-	100,022	-	100,022
Totals	\$ 1,902,618	\$ 74,287,546	\$ 13,679,983	89,870,147
<i>Not Rated:</i>				
City of Roseville Investment Pool				21,503,557
Local Agency Investment Fund				3,760,441
Money Market Mutual Funds				5,073,009
Total Investments				\$ 120,207,154

F. Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2017:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 11,738,260
Federal National Mortgage Association	Federal Agency Securities	11,448,924
Federal Home Loan Mortgage Corp	Federal Agency Securities	34,296,489

G. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Fair Value Measurements (Continued)

The Authority has the following recurring fair value measurements as of June 30, 2017:

Investments at fair value	Amount	Significant Other Observable Inputs (Level 2)
Federal agency securities	\$ 62,450,522	\$ 62,450,522
Supranationals	443,509	443,509
Corporate notes	26,876,094	26,876,094
Municipal bonds	100,022	100,022
Money market mutual funds	5,073,009	5,073,009
Categorized investments	94,943,156	\$ 94,943,156
Local Agency Investment Fund - uncategorized	3,760,441	
City of Roseville Investment Pool - uncategorized	21,503,557	
Total investments	\$ 120,207,154	

Deposits and withdrawals from the City Pool and LAIF are made on the basis of \$1 and not fair value. Accordingly, the measurement of fair value of the Authority’s proportionate share of investments in the City Investment Pool and LAIF are based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

NOTE 3 – CAPITAL ASSETS CONTRIBUTED TO THE CITY OF ROSEVILLE

Capital construction costs incurred by the Authority are transferred annually, in the form of construction in progress, to the City of Roseville, which owns and operates the Regional Wastewater Facilities. Capital construction costs of the Authority, as defined by the Funding Agreement, include personnel services and administration and construction costs. Construction costs include interest on construction financing costs, net of interest income on unexpended bond proceeds. Since the Regional Wastewater Facilities construction project was accepted as complete at the end of fiscal year 2004-2005, the debt service and interest income on unexpended bond proceeds are no longer a component of the capital construction costs of the Authority.

Costs incurred by the Authority in fiscal year 2016-17 totaling \$4,189,399 were transferred as construction in progress to the City of Roseville as of June 30, 2017.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 4 – LONG-TERM DEBT

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
Revenue Bonds:						
2011 Refunding Wastewater Revenue Bonds, Series C 1.00-5.25%, due 11/1/25	\$ 67,040,000	\$ 50,915,000	\$ -	\$ 3,985,000	\$ 46,930,000	\$ 4,275,000
Add: bond premium	5,240,941	3,275,588	-	327,559	2,948,029	-
2013 Variable Rate Demand Refunding Wastewater Revenue Bonds, Series 2013 variable rate, due 11/1/35	59,330,000	59,330,000	-	-	59,330,000	-
2014 Wastewater Revenue Refunding Bonds, Series 2014 variable rate (SIFMA rate plus 0.33%), due 11/1/17	29,120,000	29,120,000	-	-	29,120,000	-
TOTAL		<u>\$ 142,640,588</u>	<u>\$ -</u>	<u>\$ 4,312,559</u>	<u>\$ 138,328,029</u>	<u>\$ 4,275,000</u>

B. 2011 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds, Series A, B, C and D

On April 7, 2011, the Authority issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2011A and 2011B in the original principal amounts of \$30,165,000 and \$30,160,000, respectively, and Revenue Refunding Bonds Series 2011C and 2011D (SIFMA Index Bonds) in the original principal amounts of \$67,040,000 and \$30,000,000, respectively.

The Series 2011ABCD Bonds were issued to refund the remaining outstanding balance of the 2008 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds Series A and Series B. During fiscal year 2013, the 2011A and 2011B Bonds were refunded by the 2013 South Placer Wastewater Authority Refunding Wastewater Bonds. The 2011D Bonds were refunded in August 2014 by the 2014 Wastewater Revenue Refunding Bonds.

The 2011C Bonds bear interest at 1.00%-5.25% and are due semi-annually on May 1 and November 1 of each year. The Bonds are repayable solely from the Authority revenues. Principal payments are due annually on November 1 through 2025.

C. 2013 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds

On April 1, 2013, the Authority issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2013 in the original principal amount of \$59,330,000. The 2013 Bonds were issued to refund the remaining outstanding balance of the 2011 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series A and Series B.

The 2013 Bonds were issued as variable rate securities with interest calculated monthly equal to the LIBOR Index Rate. The LIBOR Index Rate is defined in the Indenture to mean the per annum rate of interest established on each Computation Date (monthly) and effective on each related LIBOR Index Reset Date equal to the sum of the Applicable Spread (initially 0.625%, but adjustable based on the credit rating of the Roseville Finance Authority's long-term unenhanced debt secured or evidenced by a parity obligation) plus the product of the LIBOR Index multiplied by the Applicable Factor (initially 70.5%). The interest rate of the Bonds cannot exceed 12% per year and may be converted by the Authority into a Daily Rate, a Weekly Rate, a Long-Term Rate, a Commercial Paper Rate, or a subsequent Index Rate, subject to certain conditions defined in the Indenture. The interest rate at June 30, 2017 was 1.28%. The Bonds are subject to mandatory redemption annually beginning November 1, 2029 through 2035.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 – LONG-TERM DEBT (Continued)

C. 2013 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds (Continued)

The Authority originally entered into a 19 year interest rate swap agreement for the entire amount of the 2008B Bonds, and as part of the issuance of the 2011 ABCD Bonds, the swap agreement was amended and remains in effect, but the notional amount of the swap is based on the notional amount of the 2008B Bonds. The interest rate swap agreement remains outstanding after the refunding and issuance of the 2013 Bonds, and the notional amount of the swap continues to be based on the notional amount of the 2008B Bonds. The combination of the variable rate bonds and the floating rate swap creates a synthetic fixed-rate debt for the Authority. The synthetic fixed rate for the 2011C and 2013 Bonds at June 30, 2017 was 4.13%.

D. 2014 South Placer Wastewater Authority Refunding Revenue Bonds

On August 7, 2014, the South Placer Wastewater Authority issued the Wastewater Revenue Refunding bonds, Series 2014, in the amount of \$29,120,000 to refund the Authority's Wastewater Revenue Refunding Bonds, Series 2011D.

The 2014 Bonds were issued as SIFMA Index Bonds and the interest rate is the rate of the SIFMA index, adjusted weekly, plus a spread of .33%. The SIFMA Municipal Swap Index, represents a seven-day high-grade market index composed of selected tax-exempt variable-rate demand obligations meeting specific criteria. The SIFMA Index is calculated weekly.

The 2014 Bonds are secured by a pledge of Authority Revenues, which include all amounts received by, or entitled to be received by, the Authority from the Participants (consisting of the City, SPMUD and the County) under provisions of the Funding Agreement. The Authority Revenues generally exclude Regional Connection Fees and amounts held in the Rate Stabilization Fund, unless certain conditions are met.

Interest is due monthly commencing in September 2014. Principal payments are due annually beginning in November 2025 and continuing through 2029.

As of June 30, 2017, the total principal and interest remaining to be paid on the 2011C Bonds, 2013 Bonds and the 2014 Bonds was \$166,286,777. As disclosed in the Indenture, net revenues of the respective systems of the members are expected to provide coverage over debt service of 110% over the lives of the Bonds, however the Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. As discussed in Note 1A, the members' monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and the Authority pays the debt service and other costs from the Account, based on each member's proportionate share. For fiscal year 2017, \$9,665,678 in debt service was paid from the Rate Stabilization Account.

E. Interest Rate Swap Agreement

The Authority entered into an interest rate swap agreement in connection with the 2008 Refunding Wastewater Revenue Bonds, Series B. The Authority amended the swap with the issuance of the 2013 Bonds, but the swap continues to be based on the notional amount of the 2008B Bonds.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 4 – LONG-TERM DEBT (Continued)

E. Interest Rate Swap Agreement (Continued)

The combination of variable rate bonds and a floating swap effectively changes the Authority’s variable interest rate on the bonds to a synthetic rate, protecting the Authority against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreement are disclosed below.

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2017, is included below. The Authority’s swap agreement contains scheduled reductions to the outstanding notional amount, which is based on the notional amount of the 2008 Refunding Wastewater Revenue Bonds, Series B.

Notional Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate Received	Maturity/ Termination Date
\$64,775,000	9/17/2003, amended 4/10/2008	Morgan Stanley Capital Services Inc.	A-2	3.67%	62% of 1m LIBOR plus 26 bps	11/1/2027

Based on the swap agreement, the Authority owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the Authority interest based on the variable rate that approximates the rate required by the Bonds. Debt principal is not exchanged; it is only the basis on which swap receipts and payments are calculated.

Fair value. Hedging derivative instruments are classified as Level 2 and are valued using a discounted cash flow technique. Fair value of the swap takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market’s best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. The Authority has accounted for the change in fair value of the swap as a deferred outflow. As of June 30, 2017, the fair value of the swap was not in favor of the Authority as follows:

Related Bond Issue	Fair Value
2011 Refunding Wastewater Revenue Bonds, series C and 2013 Refunding Wastewater Revenue Bonds (based on notional amount of 2008 Refunding Wastewater Revenue Bonds, Series B)	\$ (7,412,840)

Credit risk. Since the fair value of the swap is negative, the Authority is not currently exposed to credit risk. The fair values may increase if interest rates increase in the future. Should interest rates increase to the point where fair values become positive, the Authority would be exposed to credit risk on the outstanding swap. The Authority will be exposed to interest rate risk only if the counterparty to a swap defaults or if the swap is terminated.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 4 – LONG-TERM DEBT (Continued)

E. Interest Rate Swap Agreement (Continued)

Basis risk. Basis risk is the risk that the interest rate paid by the Authority on underlying variable rate bond to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The Authority bears basis risk on the swap. The swap has basis risk since the Authority receives a percentage of LIBOR index to offset the actual variable bond rate the Authority pays on its bonds. The Authority is exposed to the basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Authority pays on the underlying bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

A portion of this basis risk is tax risk. The Authority is exposed to tax risk when the relationship between the taxable LIBOR based swaps and tax-exempt variable rate bonds changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the Authority is exposed to this basis risk.

Termination risk. The Authority may terminate if the other party fails to perform under the terms of the contract. The Authority will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the Authority’s making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap’s fair value.

Rollover risk. Rollover risk is the risk that the swap associated with a debt issue matures or may be terminated prior to the maturity of the associated debt. When the swap terminates or a termination option is exercised by the counterparty, the Authority will be re-exposed to the risks being hedged by the swap. The swap based on the 2008 Refunding Wastewater Revenue Bonds, Series B, associated with the 2011C Refunding Wastewater Revenue Bonds and 2013 Refunding Wastewater Revenue Bonds, exposes the Authority to rollover risk because the swap terminates on November 1, 2027 while the 2011 A and B mature on November 1, 2035, the 2011C Bonds mature on November 1, 2025, and the 2013 Bonds mature on November 1, 2035.

Swap payments and associated debt. Using rates as of June 30, 2017, debt service requirements of the Bonds and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

For the Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2018	\$ 4,275,000	\$ 2,755,719	\$ 1,979,465	\$ 9,010,184
2019	4,590,000	2,534,094	1,818,019	8,942,113
2020	4,925,000	2,296,219	1,650,940	8,872,159
2021	5,285,000	2,040,969	1,477,693	8,803,662
2022	5,655,000	1,767,469	1,298,010	8,720,479
2023-2027	34,205,000	4,328,182	3,559,605	42,092,787
2028-2032	39,755,000	1,580,026	75,091	41,410,117
2033-2036	36,690,000	400,287	-	37,090,287
Totals	<u>\$ 135,380,000</u>	<u>\$ 17,702,965</u>	<u>\$ 11,858,823</u>	<u>\$ 164,941,788</u>

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 4 – LONG-TERM DEBT (Continued)

F. Debt Service Requirements

Annual debt service requirements, using interest rates as of June 30, 2017, are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
2018	\$ 4,275,000	\$ 3,573,129
2019	4,590,000	3,351,776
2020	4,925,000	3,116,814
2021	5,285,000	2,858,287
2022	5,655,000	2,584,878
2023-2027	34,205,000	8,449,178
2028-2032	39,755,000	5,478,648
2033-2036	36,690,000	1,494,069
Total	135,380,000	<u>\$ 30,906,779</u>

Reconciliation of long-term debt

Add bond premium	2,948,029
Net long-term debt	<u>\$ 138,328,029</u>

NOTE 5 – RISK MANAGEMENT

The Authority has purchased commercial insurance for general, property and public officials' liability. During the fiscal year ended June 30, 2017, the Authority paid \$17,897 for current year coverage.

The following types of loss risks are covered by the above commercial insurance policies as follows:

Type of Coverage	Coverage Limit	Deductible
Personal Injury, Including Bodily Injury and Property Damage	\$ 1,000,000	\$ 2,500
Automobile Liability	1,000,000	2,500
Public Officials Errors and Omissions	1,000,000	2,500
Employment Practices Liability	1,000,000	10,000
Crime Bond	10,000,000	2,500
Cyber Liability	250,000	10,000

The Authority has not had any claims that exceeded coverage in the past 3 years.

NOTE 6 – COMMITMENTS AND CONTINGENT LIABILITIES

The Authority is subject to litigation arising in the normal course of business. In the opinion of the management, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 7 – SUBSEQUENT EVENTS

The Authority issued the South Placer Wastewater Authority 2017 Revenue Refunding Bonds on September 28, 2017 in the amount of \$74,780,000. This new bond was issued to refund the Series 2011C and Series 2014 SIFMA Index Bonds and fund the expansion and construction of a wastewater treatment plant.

SUPPLEMENTARY INFORMATION

SOUTH PLACER WASTEWATER AUTHORITY

**ANALYSIS OF RATE STABILIZATION RESTRICTED NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>City of Roseville</u>	<u>South Placer Municipal Utility District</u>	<u>Placer County</u>	<u>Totals</u>
Balance at June 30, 2016	\$ 67,117,334	\$ 44,931,137	\$ (1,750,714)	\$ 110,297,757
Additions July 1, 2016 to June 30, 2017				
Reimbursement costs - others	-	-	500,000	500,000
Regional connection fees	13,234,296	7,797,012	830,515	21,861,823
Interest allocation	895,324	636,580	(27,792)	1,504,112
Capital construction costs	(2,472,186)	(899,303)	(637,892)	(4,009,381)
Debt service	(5,959,857)	(2,168,012)	(1,537,809)	(9,665,678)
Administrative costs	(110,998)	(40,377)	(28,642)	(180,017)
Total	<u>5,586,579</u>	<u>5,325,900</u>	<u>(901,620)</u>	<u>10,010,859</u>
Balance at June 30, 2017	<u>\$ 72,703,913</u>	<u>\$ 50,257,037</u>	<u>\$ (2,652,334)</u>	<u>\$ 120,308,616</u>

	<u>Net Position of</u>	
	<u>Bond Proceeds</u>	<u>Member Contributions</u>
Investments in City of Roseville Treasury	\$ -	\$ 21,503,557
Investments	-	90,585,529
Restricted investments with fiscal agent	8,118,068	-
Unallocated loss on investments	(744,354)	744,354
Accrued interest receivable	-	411,785
Due from other governments	-	5,611,950
Permit fees receivable	-	2,534,030
Accumulated decrease in fair value of hedging derivatives	7,412,840	-
Accounts payable and other liabilities	(92,917)	(1,082,589)
Derivative at fair value	(7,412,840)	-
Long-term debt:		
Due in one year	(4,275,000)	-
Due in more than one year	(134,053,029)	-
Net Position (Deficit)	<u>\$ (131,047,232)</u>	<u>\$ 120,308,616</u>

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 10, 2018
Board of Directors

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 18-06

SUBJECT: Connection Fee Program Report

For SPWA Board Meeting of 1/25/18

ACTION REQUESTED

This staff report is for information only. No action is requested.

BACKGROUND

The attached report, prepared by Vavrinek, Trine, Day & Co., LLP, evaluated how the South Placer Wastewater Authority (Authority) and its member agencies complied with the "Funding Agreement" from July 2016 through June 2017. Payments from Placer County, Roseville, and South Placer Municipal Utility District were tested for the referenced time period.

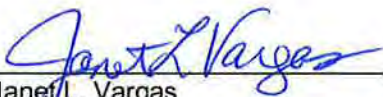
The following table summarizes the total connection fees collected and the associated equivalent dwelling units (EDUs) from July 2016 through June 2017.

	City	District	County
Gross Regional Connection Fees	\$13,234,296	\$7,797,012	\$830,515
EDUs for Gross Regional Connection Fees	1,774	1,106	112


Actual EDUs developed in FY16-17 are approximately 155% of the EDUs estimated from the 2013 updated connection fee analysis, and total EDUs developed since the original funding of the bonds are approximately 94% of the estimated EDUs. The estimated and actual number of EDUs are summarized below.

Jurisdiction	FY 2016-2017		Total through 2016-2017	
	Estimated EDUs	Actual EDUs	Estimated EDUs	Actual EDUs
Roseville	946	1,774	20,212	26,543
South Placer Municipal Utilities District	700	1,106	12,720	12,453
Placer County	284	112	11,713	3,122
Total	1,930	2,992	44,645	42,118

Submitted by:


Janet L. Vargas
EU Rate Analyst II

Approved:


Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

CITY OF ROSEVILLE, CALIFORNIA

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES FOR THE
SOUTH PLACER WASTEWATER AUTHORITY**

FOR THE YEAR ENDED JUNE 30, 2017



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
of the South Placer Wastewater Authority
Roseville, California

We have performed the procedures, which were agreed to by the South Placer Wastewater Authority (Authority) (the specified part), to the Regional Connection Fees collected by the City of Roseville (City), County of Placer (County), and the South Placer Municipal Utility District (District) (Regional Partners), and the allocation of these fees and compliance with the Amended and Restated Funding Agreement (Funding Agreement) for the year ended June 30, 2017. The Authority's management is responsible for the collection of fees and for compliance with the Funding Agreement. The sufficiency of these procedures is solely the responsibility of the Authority. Consequently, we make no representation regarding the sufficiency of the procedures referred to below either for the purpose for which this report has been required or for any other purpose.

The procedures and associated findings are described in Exhibit A.

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not perform an examination or review, the objective of which would be expression of an opinion or conclusion, respectively, on the regional connection fees collected and the allocation of these fees and compliance with the Amended and Restated Funding Agreement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Authority and its Regional Partners and is not intended to be and should not be used by anyone other than those specified parties.

Sacramento, California
December 22, 2017

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017**

The agreed-upon procedures performed, and the associated findings are as follows:

1. Determine whether the roster of the Authority's Board of Directors is in accordance with section 7 (a) of the JPA Agreement.

Findings –Section 7(a) of the JPA Agreement states that “The Authority shall be administered by a board of directors (Board) consisting of five directors. Two directors shall be appointed by the City, one director shall be appointed by the District, and two directors shall be appointed by the County. One County-appointed director shall be a member of the County Board of Supervisors and must represent a supervisorial district which includes all or a portion of the City; such County-appointed director shall be selected annually by the County Board of Supervisors and shall be subject to confirmation by the Roseville City Council.”

For the fiscal year ended June 30, 2017, the Board consisted of the following individuals:

Bonnie Gore, Director – Roseville City Council Member
Robert Weygandt, Director – Placer County Supervisor, District 2
Jack Duran, Vice Chair – Placer County Supervisor, District 1
Jerry Mitchell, Director – SPMUD Board of Directors
John Allard, Chair – Roseville City Council Member

No exceptions were found as a result of this procedure.

2. Determine that the Board of Directors holds meetings in accordance with section 7 (b and c) of the JPA Agreement.

Findings – Authority Resolution 2014-05 established that the Authority Board shall meet semi-annually and additionally as needed. Meetings held are open to the public and held at 2005 Hilltop Circle, Roseville, which is within the jurisdiction of the Authority.

Minutes to all meetings are available on the Authority's website.

All board members timely filed a conflict of interest form to disclose their income, assets and gifts.

No exceptions were found as a noted as a result of these procedure..

3. Determine that the Authority handles the following fiscal matters, as listed below, in accordance with section 7 (d) of the JPA Agreement:

- A. (1) Treasurer and Auditor
- B. (2) Custodian of Property
- C. (3) Accounts and Reports
- D. (4) Budgets
- E. (5) Contributions

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017**

Findings – The Authority has designated the Chief Financial Officer of the City as the Treasurer and Controller of the City as the Auditor of the Authority. The City acts as the custodian of Authority property and tracks the records of the Authority within its general ledger in a separate fund. The Participants have paid contributions to the Authority as specified in the Funding Agreement.

The Board adopted the budget for fiscal year 2017 through resolution 2016-05 on June 30, 2016.

No exceptions were found as a noted as a result of this procedure..

4. Inspect four monthly payments made to the City by the County and the District and 21 payments made to the City from developers for Regional Connection Fees to ensure they are in compliance with the following sections of the Restated and Amended Funding Agreement related to the South Placer Regional Wastewater Facilities (Funding Agreement) dated October 1, 2012 and the Amended and Restated Joint Exercise of Powers Agreement (JPA Agreement) dated October 1, 2012:

- A. (3) Term and Termination
- B. (4) Responsibilities of the City of Roseville
- C. (5) Capacity Usage
- D. (6) Issuance of Bonds by the Authority, Bond Provisions
- E. (7) Pledge and Application of Participant Revenues
- F. (8) Rate Covenant
- G. (9) Rate Stabilization Fund
- H. (10) Regional Connection Fees
- I. (11) Participant Parity Obligations Secured by Participant Net Revenues
- J. (12) Determination of Participants' Proportionate Shares
- K. (13) Covenants of the Participants
- L. (14) Amendments; Expiration of Certain Provisions

Findings – We inspected four monthly payments made to the City by the County and the District and 21 payments made to the City from developers for Regional Connections Fees to ensure they were in compliance with the sections of the Funding Agreement and the JPA Agreement listed above.

Section 10.D.1 of the Funding Agreement states that payments should be remitted by the 15th day of the subsequent month.

No exceptions were found as a noted as a result of this procedure.

5. Recalculate the payments inspected in procedure 4 to determine mathematical accuracy.

Findings – We recalculated the four payments made to the City from the County and the District and 21 payments made to the City from developers tested in procedure 4 for mathematical accuracy.

No exceptions were found as a noted as a result of this procedure.

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017**

6. Recalculate the monthly equivalent dwelling units (EDU) included in the remittance summaries for the payments inspected in procedure 4 to determine mathematical accuracy.

Findings – We recalculated the EDUs included in the remittance summaries for the four payments made to the City from the County and the District and 21 payments made to the City from developers tested in Procedure 1 for mathematical accuracy.

No exceptions were found as a noted as a result of this procedure..

7. Recalculate the monthly summary reports of Regional Connection Fees transmitted by the participants for the year ended June 30, 2017.

Findings – We obtained the four monthly summary reports selected in Procedure 4 for each Regional Partner and compared them to the underlying records for each Regional Partner. We recalculated the monthly summary reports.

No exceptions were found as a noted as a result of this procedure..

8. Calculate and report the connection fees and EDUs for the County, District, and City as of and for the year ended June 30, 2017.

Findings – We recalculated each Regional Partner’s connection fees and EDUs for the year ended June 30, 2017 as follows:

<u>July 1, 2016 to June 30, 2017</u>	<u>City</u>	<u>District</u>	<u>County</u>
Gross Regional Connection Fees	\$ 13,234,296	\$ 7,797,012	\$ 830,515
EDUs for Gross Regional Connection Fees	1,774	1,106	112

No exceptions were found as a noted as a result of this procedure.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 9, 2018

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 18-07

SUBJECT: Rate Stabilization Fund Balances as of November 30, 2017

For SPWA Board Meeting 1/25/18

ACTION REQUESTED

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

BACKGROUND

With the formation of the Joint Powers Authority 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 deposits less proportionate cost shares. Available resources include receivables and liabilities that are recognized as funds available for use.

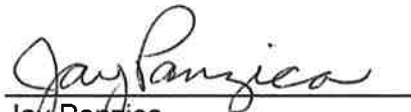
A comparative view of the individual accounts of the participants is on the next page of this Authority Communication.

Submitted by:



Jacquelyn Flickinger, CPA
Controller

Approved:



Jay Parzica
Treasurer



Kenneth J. Glotzbach
Executive Director

Changes in RSF Balances from July 1, 2016 to June 30, 2017:

	City of Roseville	SPMUD	Placer County	Total
Revenues:				
Connection Fees	\$ 13,234,296	\$ 7,797,012	\$ 830,515	\$ 21,861,823
Reimbursements	-	-	500,000	500,000
Interest	895,324	636,580	(27,792)	1,504,112
Total Revenues	14,129,620	8,433,592	1,302,723	23,865,935
Expenses:				
Capital	2,472,186	899,303	637,892	4,009,381
Debt Service	5,959,857	2,168,012	1,537,809	9,665,678
Administrative	110,998	40,377	28,642	180,017
Total Expenses	8,543,041	3,107,692	2,204,343	13,855,076
Increase/(Decrease) in RSF Balances	5,586,579	5,325,900	(901,620)	10,010,859
Beginning Balance, as of July 1, 2016	67,117,334	44,931,137	(1,750,714)	110,297,757
Ending Balance, as of June 30, 2017	<u>\$ 72,703,913</u>	<u>\$ 50,257,037</u>	<u>\$ (2,652,334)</u>	<u>\$ 120,308,616</u>

Changes in RSF Balances from July 1, 2017 to November 30, 2017:

	City of Roseville	SPMUD	Placer County	Total
Revenues:				
Connection Fees	\$ 5,984,998	\$ 2,050,474	\$ 336,625	\$ 8,372,097
Reimbursements	-	-	-	-
Interest	411,601	284,729	(17,775)	678,555
Total Revenues	6,396,599	2,335,203	318,850	9,050,652
Expenses:				
Capital	462,330	168,181	119,294	749,805
Debt Service	6,549,275	2,382,424	1,689,896	10,621,595
Administrative	35,705	12,988	9,213	57,906
Total Expenses	7,047,310	2,563,593	1,818,403	11,429,306
Increase/(Decrease) in RSF Balances	(650,711)	(228,390)	(1,499,553)	(2,378,654)
Beginning Balance, as of July 1, 2017	72,703,913	50,257,037	(2,652,334)	120,308,616
Ending Balance, as of November 30, 2017	<u>\$ 72,053,202</u>	<u>\$ 50,028,647</u>	<u>\$ (4,151,887)</u>	<u>\$ 117,929,962</u>

Expenses 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%.

*Connection fees are reported through October 2017.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 9, 2018

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 18-08

SUBJECT: Rate Stabilization Fund Summaries Budget Adjustment

For SPWA Board Meeting of 1/25/18

ACTION REQUESTED

Adopt the attached Resolution approving the budget adjustment to increase interest revenue by \$300,000 and debt service payments by \$4,960,242.

BACKGROUND

The attached are fund summaries for: 1) the final activity in fiscal year 2016-17, and 2) the amended operating budget for the fiscal year 2017-18.

Final Activity for fiscal year 2016-17:

Revenues were higher than anticipated primarily due to additional connection fees received. Operating and capital expenses were less than anticipated primarily due to capital expenses not being expended by the fiscal year end. This resulted in an increase in fund balance of \$10,010,859 from \$110,297,757 to \$120,308,616.

Amended Operating Budget for fiscal year 2017-18:

On June 29, 2017 the Board approved the annual operating budget for fiscal year 2017-18. A comparison of the annual budget with projected revenues and expenditures is conducted at midyear to determine if the projected actual results are in line with the adopted budget.

Revenues:

Interest revenue is estimated to come in higher than adopted budget by \$300,000 from \$921,886 to \$1,221,886, due to maintaining the new investment strategy and favorable market conditions. Connection fees are expected to come in as budgeted.

Expenditures:

Overall, operating expenses are projected to be on budget. Debt Service payments are expected to be higher than budget by \$4,960,242 as described in the Debt Review presentation, primarily due to the bond refunding costs associated with the SWAP termination payment. In addition, capital expenses are expected to increase by \$6,006,085 due to the ongoing Wastewater Treatment Plant expansion projects if the Board approves the midyear CIP carryover request.

Submitted by:



Jacquelyn Flickinger, CPA
Controller

Approved:



Jay Parzica
Treasurer



Kenneth J. Glotzbach
Executive Director

South Placer Wastewater Authority: Final Activity FY 2016-17

Rate Stabilization Fund

	Amended Budget 2016-17	Actual 2016-17	Variance Favorable (Unfavorable)	Percent of Budget
Operating Revenues:				
Interest	\$ 1,275,000	\$ 1,504,112	\$ 229,112	117.97%
Connection Fees	12,930,500	21,861,824	8,931,324	169.07%
Repayment from County	500,000	500,000	-	100.00%
Total Revenues	14,705,500	23,865,936	9,160,436	162.29%
Operating Expenses:				
JPA Staff	138,611	130,103	8,508	93.86%
Legal Services	20,000	11,061	8,939	55.31%
Financial Advisory Services	25,000	-	25,000	0.00%
Audit Services	25,000	20,420	4,580	81.68%
Trustee/Investment Fees	-	-	-	0.00%
Insurance	18,650	17,897	753	95.96%
Copying/Mailing/Supplies	2,250	533	1,717	23.69%
Travel/Meetings	500	-	500	0.00%
Miscellaneous	9	-	9	0.00%
Total Operating Expenses	230,020	180,014	50,006	78.26%
Capital and debt service expenses:				
Capital expenses	10,015,724	4,009,383	6,006,341	40.03%
Debt service payments	9,787,447	9,665,680	121,767	98.76%
Total Capital and Debt Service Expenses	19,803,171	13,675,063	6,128,108	69.05%
INCREASE (DECREASE) FROM OPERATIONS	(5,327,691)	10,010,859	\$ 15,338,550	-187.90%
FUND BALANCE, BEGINNING OF YEAR	110,297,757	110,297,757		
FUND BALANCE, END OF YEAR	\$ 104,970,066	\$ 120,308,616		

South Placer Wastewater Authority: Amended Budget FY 2017-18

Rate Stabilization Fund

	Adopted Budget 2017-18	Budget Carryover	Budget Adjustment	Amended Budget 2017-18	Actuals 2017-18 as of 11/30/2017
ESTIMATED OPERATING REVENUES					
Interest	\$ 921,886	-	\$ 300,000	\$ 1,221,886	\$ 678,555
Connection Fees	13,221,710	-	-	13,221,710	8,372,097
Repayment from County	500,000	-	-	500,000	-
Total Estimated Revenues	14,643,596	-	300,000	14,943,596	9,050,652
LESS ESTIMATED OPERATING EXPENSES					
JPA Staff	89,723	-	-	89,723	34,334
Legal Services	44,444	-	-	44,444	10,756
Financial Advisory Services	49,444	-	-	49,444	-
Audit Services	25,000	-	-	25,000	-
Insurance	18,659	-	-	18,659	12,381
Copying/Mailing/Supplies	2,250	-	-	2,250	173
Travel/Meetings	500	-	-	500	77
Miscellaneous	-	-	-	-	185
Total Estimated Operating Expenses	230,020	-	-	230,020	57,906
LESS ESTIMATED CAPITAL AND DEBT EXPENSES					
Capital expenses	-	6,006,085	-	6,006,085	749,805
Debt service payments	9,922,905	-	4,960,242	14,883,147	10,621,595
Total Estimated Capital and Debt Expenses	9,922,905	\$ 6,006,085	\$ 4,960,242	20,889,232	11,371,400
INCREASE (DECREASE) FROM OPERATIONS	4,490,671			(6,175,656)	(2,378,654)
FUND BALANCE, BEGINNING OF YEAR					
ESTIMATED FUND BALANCE, END OF YEAR	\$ 120,308,616			120,308,616	120,308,616
	\$ 124,799,287			\$ 114,132,960	\$ 117,929,962

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2018-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING
OPERATING BUDGET FOR FY 2017-2018**

BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority that the Operating Budget for FY 2017-2018 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 2017-2018 shall not be increased without the Board's prior approval.

PASSED AND ADOPTED this 25th day of January, 2018, by the following vote on roll call:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2018-02

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING
REGULAR MEETING DATES**

WHEREAS, the Bylaws for the South Placer Wastewater Authority (“Authority”) state that the Authority’s Board of Directors shall meet not less than every six (6) months as specified by resolution duly adopted by the Board of Directors (“Board”); and

WHEREAS, the Board currently meets in January and June of each year; and

WHEREAS, the Board desires to eliminate the regular meetings in May and August of each year,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority that the regular meetings of the Board shall be on the last Thursday of every January and June at 9:30 a.m. The meetings of the Board shall be held at 2005 Hilltop Circle, Roseville, California.

PASSED AND ADOPTED this 25th day of January, 2018, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 8, 2018

FROM: Kenneth J. Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 17-21

SUBJECT: Proposed SPWA Logo

For SPWA Board Meeting of January 25, 2018

ACTION REQUESTED

Staff is seeking direction from the SPWA Board of Directors on the use of a new SPWA logo. If the Board agrees to utilize a new logo, Staff requests direction as to the Board's preference to use one of three proposed options.

BACKGROUND

SPWA does not presently have a logo and relies on the individual logos of the three partner agencies for presentations. SPWA does have a basic letterhead, attached as Exhibit 1, which has been used since the Authority's inception over 15 years ago.

During the past year, Staff have made several presentations and prepared letters and other communications to support the bond financing efforts. Due to the size and nature of the Pleasant Grove Wastewater Treatment Plant Expansion project and the unique nature of the Energy Recovery Project, it is anticipated that several more public presentations will be made in the coming years. These presentations will obviously include Board, Council, and Commission meetings but will also include technical conference presentations conducted for professional collaboration.

In order to prepare for these presentations and present SPWA to rating agencies, potential bond investors and the public as a business entity in the future, Staff suggests using a logo on all communications that is unique to SPWA.

To this end, Staff have created 3 logo options for SPWA Board consideration. These logos are shown on Exhibit 2 in various 'poses' which would be utilized based on the space available in the communication medium. Exhibits 3A through 3C demonstrate how the logo options would be used on various pieces of stationary. An informal poll indicates that Option B is the preferred Staff option.

If a new logo is selected, Staff proposes to display this logo on all presentations, letters, memoranda, and other communications prepared on behalf of the SPWA. If for any reason, none of these options is acceptable to the Board, more options can be developed for future consideration if desired.

Submitted by:



Kenneth J. Glotzbach
Executive Director

Exhibit 1 – Present SPWA Letterhead

*SOUTH PLACER WASTEWATER
AUTHORITY*

2005 Hilltop Circle, Roseville, CA 95747

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

Exhibit 2

Option A



Option B



Option C



