



In accordance with the requirements of California Government Code section 54950 *et seq.*, notice is hereby given of the regular meeting of the Board of Directors of the South Placer Wastewater Authority at the following time and location:

Thursday, June 28, 2018

9:30 a.m.

City of Roseville
2005 Hilltop Circle
Meeting Room 3

AGENDA

ROLL CALL Directors: John Allard
Jack Duran (Chair)
Bonnie Gore (Vice Chair)
Jerry Mitchell
Robert Weygandt

PLEDGE OF ALLEGIANCE

INTRODUCTIONS

APPROVAL OF MINUTES, January 25, 2018

OLD BUSINESS ITEMS

NEW BUSINESS ITEMS

1. Information: Overview of Swap Performance & Annual Reporting Requirements (*Nick*)
2. Information: Investments Report (*Jacquie*)
3. Resolution: Approval of FY2019 Investment Policy and Swap Policy (*Jacquie*)
4. Information: Rate Stabilization Fund Balances & Connection Fee Revenues (*Jacquelyn*)
5. Resolution: Approval of CEQA Review for Pleasant Grove WWTP Expansion Project (*Ken*)
6. Resolution: Approval of Capital Improvement Projects Budget and Project Update FY18-19 (*Ken*)
7. Information: Reimbursement Agreement between Roseville and SPWA for State Revolving Fund (*Ken*)
8. Resolution: Approval of Annual Operating Budget for FY2018-19 Budget (*Janet*)

PUBLIC COMMENTS

REPORTS/COMMENTS – BOARD MEMBERS/STAFF

ADJOURNMENT

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.

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

**MINUTES OF BOARD OF DIRECTORS' MEETING
January 25, 2018**

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, Jacquie Clarizio, Vanessa Lieberman, Nick Rosa, Vanessa Chaulklin, and Joe Mandell from the City of Roseville; Herb Niederberger from SPMUD; and Dave Atkinson, Robin Mahoney, and Shanti Landon, from Placer County.

Election of Chair and Vice Chair

A vote was taken as follows:

MOTION by Director Weygandt, seconded by Director Gore, to elect Director Duran as Chair.

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

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

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

Approval of Minutes, August, 17, 2017

A vote was taken as follows:

MOTION by Director Allard seconded by Director Weygandt to approve the August 17, 2017 minutes. The vote was unanimous.

New Business Items

1. Information: Debt Review

Vanessa Lieberman reported on the Authority's outstanding debt, market commentary and debt service budget, actual and remaining forecast for FY2017-18.

No Public Comment.

2. Information: Investment Review

Jacque Clarizio reported on the performance of the Authority's investments through November 30, 2017.

No Public Comment.

3. Information: Capital Improvement Projects Overview and Update on PGWWTP Expansion Improvements

Ken Glotzbach provided an update on the two active capital improvement projects.

No Public Comment.

4. Information: Financial Audit

Jacquelyn Flickinger reported on the Audited Financial Statement for the fiscal year ended June 30, 2017.

No Public Comment.

5. Information: Agreed Upon Procedures and Connection Fee Programs

Jacquelyn Flickinger presented the Agreed Upon Procedures and Connection Fee Programs on behalf of Janet Vargas.

No Public Comment.

6. Information: Rate Stabilization Fund Balances

Jacquelyn Flickinger provided an update on the Rate Stabilization Fund Balances as of November 30, 2017.

Director Mitchell questioned if the County was falling behind on their reimbursements. Staff acknowledged seeing a trend due to debt service and lower than expected connection fees. Ken Glotzbach reported the partners are working on a solution.

No Public Comment.

7. Resolution: Approval of Fund Summary Budget Adjustments

Jacquelyn Flickinger provided an update on the Fund Summaries as of November 30, 2017 and requested Board approval for a budget adjustment to increase revenue by \$300,000 and debt service payments by \$4,960,242.

No Public Comment.

MOTION by Director Allard seconded by Director Weygandt to adopt Resolution 2018-01. The vote was unanimous.

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

Ken Glotzbach requested the Board's approval to return to the regular schedule of meeting dates of January and June since the bond refinancing work is complete.

No Public Comment.

MOTION by Director Mitchell seconded by Director Gore to adopt Resolution 2018-02. The vote was unanimous.

9. Direction: Presentation of Proposed Authority Logo

Ken Glotzbach requested approval from the Board on the use of a new Authority logo and direction as to the Board's preference for one of the three proposed options.

The Board unanimously agreed to a new logo and provided the following input:

Mitchell: Option C

Gore: No to option A, okay with option B or C

Allard: Option B

Weygandt: Okay with any option, defer to staff choice

Duran: Okay with any option, defer to staff choice

Ken Glotzbach reported he will request staff input by email and tally the votes.

Reports/Comments – Board Members/Staff

None.

Public Comment

None.

Adjournment

The meeting was adjourned at 10:05 a.m.

Jack Duran
Chair

Karen Sainsbury
Secretary to the Board

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 7, 2018

FROM: Nick Rosas, Accounting Supervisor

AUTHORITY COMMUNICATION NO: 18-11

SUBJECT: Overview of Swap Performance

For SPWA Board Meeting 6/28/18

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

The South Placer Wastewater Authority currently has \$148.9 million of debt outstanding as shown in the table below. Of the outstanding debt, 60% is fixed-rate 21% is "synthetic" fixed rate and 19% is unhedged variable rate. The Authority has entered into an interest-rate swap with Morgan Stanley. The swap acts as a fixed-rate hedge for the majority of the Series 2013 bonds, creating "synthetic" fixed-rate debt. The debt is currently rated A+ by both Standard & Poor's and Fitch Ratings.

Summary of Outstanding Debt							
Series	Type	Issue 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						
Counterparty	Current Notional	SPWA Pays	SPWA Receives	Final Maturity	MTM Value (as of 04/30/2018)	Counterparty Ratings
Morgan Stanley	\$30,755,000	3.665%	62% of 1m LIBOR +0.26%	11/1/2023	(\$1,546,857.00)	BBB+ / A3 / A (S&P / Moody's / Fitch)

OVERVIEW OF SWAP PERFORMANCE

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

Table 1

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

SPWA SWAP (Morgan Stanley)					2013 SPWA	2014 SPWA
Month	Due	Fixed Amount	62% + 26 bps	Net Swap Payment	59,330,000	29,120,000
			1-MONTH LIBOR		Direct Purchase	SIFMA Payment
7/1/2017	8/1/2017	\$ 197,833.65	\$ (56,151.87)	\$ 141,681.78	\$ 72,291.96	\$ 27,101.55
8/1/2017	9/1/2017	\$ 197,833.65	\$ (56,290.08)	\$ 141,543.57	\$ 72,445.23	\$ 27,524.39
9/1/2017	10/1/2017	\$ 108,896.31	\$ (30,054.91)	\$ 78,841.41	\$ 70,306.05	
10/1/2017	11/1/2017	\$ 108,896.31	\$ (31,123.44)	\$ 77,772.87	\$ 72,598.50	
11/1/2017	12/1/2017	\$ 93,930.90	\$ (26,522.62)	\$ 67,408.27	\$ 70,503.82	
12/1/2017	1/1/2018	\$ 93,930.90	\$ (30,494.16)	\$ 63,436.75	\$ 77,145.49	
1/1/2018	2/1/2018	\$ 93,930.90	\$ (32,031.01)	\$ 61,899.88	\$ 84,604.58	
2/1/2018	3/1/2018	\$ 93,930.90	\$ (29,354.19)	\$ 64,576.70	\$ 76,647.77	
3/1/2018	4/1/2018	\$ 93,930.90	\$ (35,477.17)	\$ 58,453.72	\$ 88,078.68	
4/1/2018	5/1/2018	\$ 93,930.90	\$ (36,261.19)	\$ 57,669.70	\$ 92,950.33	
5/1/2018	6/1/2018	\$ 93,930.90	\$ (37,469.92)	\$ 56,460.98	\$ 96,815.02	
6/1/2018	7/1/2018	\$ 93,930.90	\$ (36,261.19)	\$ 57,669.70	\$ 93,691.96	
Totals		\$ 1,364,907	\$ (437,492)	\$ 927,415	\$ 968,079	\$ 54,626


\$ 80,673.28 \$ 27,312.97

Average Rate
Swap 2.490%
2013 SPWA 1.610%
2014 SPWA 1.079%
Average 7/1/16 - 6/31/17 2.143%

Submitted by:


 Nick Rosas
 Accounting Supervisor

Approved by:


 Jay Panzica
 Treasurer


 Kenneth J. Glotzbach
 Executive Director

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 7, 2018

FROM: Nick Rosas, Accounting Supervisor

AUTHORITY COMMUNICATION NO: 18-19

SUBJECT: Interest Rate Swap Reporting Requirements

For SPWA Board Meeting 6/28/18

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

As requested in the 2017/2018 South Placer Wastewater Authority Swap Policy, a written report providing the status of all interest rate swap agreements entered into by South Placer Wastewater Authority (SPWA) will be provided to the Authority Board on an annual basis (or other basis, if so directed by the Board). The following reporting requirements are outlined below.

ANNUAL REPORTING REQUIREMENTS

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

Description

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

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

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

In September 2017, the Authority sold \$74.8 million of fixed-rate Wastewater Revenue Bonds, Series 2017 in order to finance \$30.0 million of the Pleasant Grove Wastewater Treatment Plant Expansion Project, advance refund \$27.9 million of 2011C Bonds for significant savings, and refund \$29.1 million of 2014 SIFMA Index Bonds along with termination of an equivalent amount of the notional amount of the swap.

Project and Bond Series

- Please refer to the Schedule of Investments in a separate Authority Communication

Type of Swap

- Variable to Fixed

Rates Paid/Received

Issue	Interest Paid
2013 SPWA ² Direct Placement	\$968,079

² Date range of 7/1/17 – 6/30/18 – May and June amounts estimated.

Total Par Amount

- \$ 59,330,000

Issue	Interest Paid
2014 SPWA ³ SIFMA bonds	\$54,626

³ Date range of 7/1/17 – 8/31/2017

Total Par Amount

- \$ 29,120,000

Issue	Floating Swap Payment (Received)
SPWA ¹ Swap	\$437,492

¹ Date range of 7/1/17 – 6/30/18 – May and June amounts estimated.

Total Notional Amount

- \$ 30,755,000

Average Life

- The interest rate swap for the 2013 Series bonds has an average life of 5.5 years.

Remaining Term

- Maturity 11/1/2023

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

In September 2017, the Authority sold \$74.8 million of Wastewater Revenue Bonds, Series 2017 in order to finance \$30.0 million of the Pleasant Grove Wastewater Treatment Plant Expansion Project, advance refund \$27.9 million of 2011C Bonds for significant savings, and refund \$29.1 million of 2014 SIFMA Index Bonds along with termination of an equivalent amount of the notional amount of the swap.

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

As of April 30, 2018, the Mark-to-Market value was (\$1,546,857).

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

Morgan Stanley is rated BBB+ by S&P as of 11/29/2011, rated A3, up from Baa2, by Moody's as of 5/28/15, and rated A by Fitch as of 10/13/2008.

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

No information to report.

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

No information to report.

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

No information to report.

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

Fiscal Year Ending	2000A SPWA \$97,000,000 Fixed Rate ^[1]	Actual Swap Debt Service*	(Cost) / Savings
6/30/2004	5,176,590	4,438,087	738,504
6/30/2005	5,562,488	3,737,237	1,825,250
6/30/2006	5,562,597	3,757,367	1,805,229
6/30/2007	5,561,056	3,978,849	1,582,207
6/30/2008	5,558,063	4,397,266	1,160,796
6/30/2009	5,553,844	4,705,078	848,766
6/30/2010	5,548,109	4,578,131	969,979
6/30/2011	5,540,375	4,575,639	964,736
6/30/2012	4,664,875	4,037,916	626,959
6/30/2013	4,444,188	3,724,818	719,369
6/30/2014	4,215,938	2,691,133	1,524,805
6/30/2015	3,978,750	2,520,362	1,458,388
6/30/2016	3,732,625	2,274,408	1,458,217
6/30/2017	3,478,250	1,963,427	1,514,823
6/30/2018	3,226,500	1,484,192	1,742,308

Total

\$18,940,336

*estimated Actual D/S for 6/30/18 for synthetic fixed rate debt.

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

Submitted by:


do Nick Rosas
Accounting Supervisor

Approved by:


Jay Panzica
Treasurer


Kenneth J. Glotzbach
Executive Director

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: May 17, 2018

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 18-12

SUBJECT: Investment Review

For SPWA Board Meeting 6/28/18

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

At the January 28, 2016 South Placer Wastewater Authority (Authority) board meeting, staff was directed to provide Authority Board members with monthly status updates on the Authority's investments. The following report details the performance of the Authority's investments through April 30, 2018.

INVESTMENTS

The Schedule of Investments for April 30, 2018 is attached to this report. The yield-to-market on the invested funds as of April 2018 was 1.488%.

ADDITIONAL ACCUMULATED FUNDS

The remaining funds of \$8.479 million are the Authority's bond reserve funds held by the fiscal agent.

Submitted by:



Jacquie Clarizio
Financial Analyst



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director



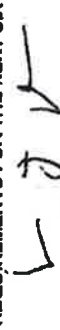
**So Placer Wastewater Authority
Portfolio Management
Portfolio Summary
April 30, 2018**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTMIC
City of Roseville Cash Pool*	11,936,488.78	11,936,488.78	11,936,488.78	9.99	1	1	1.736
Money Market Funds	13,506,176.35	13,506,176.35	13,506,176.35	11.27	1	1	1.286
Local Agency Investment Funds	19,277,564.89	19,277,564.89	19,277,564.89	16.08	1	1	1.651
Corporate Notes	19,640,000.00	19,329,389.45	19,689,089.07	16.43	1,461	633	1.807
Federal Agency Coupon Securities	66,000,000.00	63,607,885.00	64,998,503.33	45.89	1,563	522	1.383
Supra-National Agency Bond	446,000.00	444,461.55	444,970.24	0.37	1,142	45	1.056
Investments	119,805,222.02	117,983,018.02	119,852,794.66	100.00%	976	344	1.609

Total Earnings	April 30	Month Ending	Fiscal Year To Date
Current Year	147,019.43		1,395,134.06
Average Daily Balance	119,520,112.42		119,796,088.73
Effective Rate of Return	1.60%		1.43%

*Estimated balance as of 04/30/2018
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.


 Ken Stoltzback, Executive Director
 DATE: 5-15-18
 TIME: 5/15/18

So Placer Wastewater Authority
Portfolio Management
Interest Earnings Summary
April 30, 2018

	April 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	67,408.25	1,041,894.30
Plus Accrued Interest at End of Period	295,508.06	295,508.03
Less Accrued Interest at Beginning of Period	(264,072.39)	(300,458.17)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	98,841.92	1,035,944.16
Adjusted by Premiums and Discounts	-3,242.78	-31,049.70
Adjusted by Capital Gains or Losses	0.00	22.81
Earnings during Periods	95,599.14	1,005,917.27
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	4,709,093.20	4,708,093.20
Less Accrued Interest at Beginning of Period	(4,657,672.91)	(4,319,876.39)
Interest Earned during Period	51,420.29	389,216.81
Total Interest Earned during Period	150,262.21	1,426,160.97
Total Adjustments from Premiums and Discounts	-3,242.78	-31,049.70
Total Capital Gains or Losses	0.00	22.81
Total Earnings during Period	147,019.43	1,395,134.08



So Placer Wastewater Authority
Fund 001 - SPWA
Investments by Fund
April 30, 2018

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTMIC 360	YTMIC 365	Maturity Date	Days To Maturity
City of Roseville Cash Pool*											
SYS10048	10048	City of Roseville Cash Pool	07/01/2017	11,938,488.78	11,938,488.78	11,938,488.78	1.798	1.712	1.736		1
			Subtotal and Average	11,938,488.78	11,938,488.78	11,938,488.78		1.712	1.738		1
Money Market Funds											
431114603	10434	US BANK	07/01/2017	13,508,178.35	13,508,178.35	13,508,178.35	1.288	1.248	1.288		1
			Subtotal and Average	13,508,178.35	13,508,178.35	13,508,178.35		1.248	1.288		1
Local Agency Investment Funds											
40-91-001	10032	Local Agency Investment Fund	07/01/2017	19,277,554.89	19,277,554.89	19,277,554.89	1.661	1.638	1.661		1
			Subtotal and Average	19,277,554.89	19,277,554.89	19,277,554.89		1.638	1.661		1
Corporate Notes											
0256M0DP1	10822	AMERICAN EXPRESS MTN	01/11/2018	1,005,849.50	1,000,000.00	984,140.00	2.250	2.051	2.080	08/15/2018	471
03783CC2	10837	APPLE INC GLOBAL NOTES	08/17/2018	2,853,386.80	2,850,000.00	2,723,545.50	1.550	1.604	1.825	08/04/2021	1,191
08408HDB2	10803	Bank of New York Trust Company	05/28/2015	1,584,867.35	1,585,000.00	1,584,350.15	1.800	1.881	1.903	05/22/2018	21
14912L8F3	10823	CATERPILLAR FINANCIAL SE	01/11/2018	1,097,803.04	1,000,000.00	991,600.00	2.250	2.012	2.040	12/01/2019	578
17276RAU6	10808	CISCO SYSTEMS	08/17/2015	1,704,710.15	1,705,000.00	1,703,908.80	1.850	1.833	1.855	08/17/2018	47
191216BF8	10824	COCA-COLA CO	01/11/2018	1,011,818.39	1,000,000.00	988,700.00	1.850	1.203	1.220	11/01/2018	184
22160KAG0	10817	COSTCO WHOLESALE	10/13/2015	1,008,265.79	1,000,000.00	982,700.00	1.750	1.578	1.900	02/15/2020	955
40428HPV8	10818	HSBC USA Global Notes	10/09/2015	2,020,702.16	2,000,000.00	1,886,020.00	2.750	2.485	2.520	06/07/2020	829
24422ERR2	10825	JOHN DEERE CAP MTN	01/11/2018	1,011,858.61	1,000,000.00	997,630.00	2.250	1.854	1.880	04/17/2019	351
713448CK2	10830	PEPSICO INC GLOBAL NOTES	05/31/2018	2,046,860.00	2,000,000.00	1,989,020.00	2.250	1.311	1.328	01/07/2019	251
74752SAD5	10819	QUALCOMM INC	10/09/2015	1,508,539.30	1,500,000.00	1,478,025.00	2.250	2.120	2.160	05/20/2020	750
948746SA0	10839	WELLS FARGO & COMPANY	06/05/2018	3,013,140.00	3,000,000.00	2,882,700.00	2.100	1.979	2.008	07/26/2021	1,182
			Subtotal and Average	19,773,678.29	19,400,000.00	19,320,339.45		1.782	1.807		640
Federal Agency Coupon Securities											
3133EGCL7	10851	Federal Farm Credit Bank	06/01/2018	5,000,000.00	5,000,000.00	4,844,800.00	1.250	1.233	1.260	09/01/2019	304
3130A83A7	10840	Federal Home Loan Bank	08/24/2018	2,000,000.00	2,000,000.00	1,844,880.00	1.750	0.886	1.000	08/24/2021	1,211
3130A82D2	10841	Federal Home Loan Bank	08/25/2018	10,000,000.00	10,000,000.00	9,520,100.00	1.520	1.499	1.520	08/25/2021	1,212

**Fund 001 - SPWA
Investments by Fund
April 30, 2018**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
Federal Agency Coupon Securities											
3134G7S77	10816	Federal Home Loan Mig Corp	10/29/2016	1,987,000.00	2,000,000.00	1,863,100.00	1.250	1.159	1.176	10/29/2020	912
3134G8VZ9	10826	Federal Home Loan Mig Corp	04/28/2016	4,000,000.00	4,000,000.00	3,898,840.00	1.375	1.232	1.250	04/28/2021	1,093
3134G9AD9	10827	Federal Home Loan Mig Corp	04/28/2016	2,000,000.00	2,000,000.00	1,930,820.00	1.500	1.479	1.500	04/28/2021	1,093
3134G8KW8	10828	Federal Home Loan Mig Corp	05/26/2016	5,000,000.00	5,000,000.00	4,818,050.00	1.350	1.331	1.350	11/28/2019	574
3134G8KB2	10832	Federal Home Loan Mig Corp	08/13/2016	5,000,000.00	5,000,000.00	4,804,150.00	1.500	1.232	1.249	08/08/2021	1,135
3134G9QV2	10833	Federal Home Loan Mig Corp	08/15/2016	5,000,000.00	5,000,000.00	4,885,900.00	1.450	1.430	1.450	08/15/2020	778
3134G94K0	10838	Federal Home Loan Mig Corp	08/10/2016	2,500,000.00	2,500,000.00	2,434,450.00	1.310	1.282	1.310	02/10/2020	650
3134GAEF7	10843	Federal Home Loan Mig Corp	09/29/2016	3,500,000.00	3,500,000.00	3,374,105.00	1.650	1.627	1.650	09/29/2021	1,247
3134GAVP8	10845	Federal Home Loan Mig Corp	11/04/2016	2,000,000.00	2,000,000.00	1,953,240.00	1.100	1.084	1.100	11/04/2021	1,283
3136G3SD8	10835	Federal National Mig Assn	06/13/2016	6,000,000.00	5,000,000.00	4,909,700.00	1.330	1.311	1.330	12/13/2019	591
3136G3VK6	10836	Federal National Mig Assn	07/21/2016	2,000,000.00	2,000,000.00	1,927,860.00	1.500	1.479	1.500	07/21/2021	1,177
				Subtotal and Average	54,897,000.00	63,807,995.00		1.344	1.363		922
Supra-National Agency Bond											
459058EJ8	10598	INTL BANK OF RECON AND DEV	04/30/2016	444,239.05	445,000.00	444,461.55	1.000	1.041	1.055	08/16/2018	45
				Subtotal and Average	444,239.05	444,461.55		1.041	1.056		45
				Total Investments and Average	119,835,039.35	117,993,018.02		1.488	1.509		529

Portfolio SPWA
AP
FI (PRF FI) 7.1.1
Report Ver. 7.3.5



BNY MELLON

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

Account Statement

Statement Period 04/01/2018 Through 04/30/2018

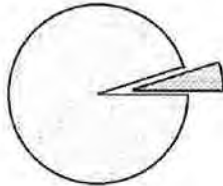
Account 322068
SO PLACER 2011 AND 2017 PARITY RES

CLIENT SERVICE MANAGER: WADE WINKLER
CORPORATE TRUST 100 PINE ST, STE 3200
SAN FRANCISCO, CA 94111
415-263-2439
WADE.WINKLER@BNYMELLON.COM

Go Paperless. Securely access your account online to view your statements. Ask your BNY Mellon contact how we can help you access your accounts, enter your own transactions or submit an audit confirmation online. Also be sure to ask how Connect(SM), our new web-based, single sign-on platform can help you go paperless.

Visit us at www.bnymellon.com

Account Overview



Percent of all Investments	Asset Classification	Market Value
95%	FIXED INCOME	8,022,689.78
5%	CASH AND SHORT TERM	456,369.65
100%	TOTAL OF ALL INVESTMENTS	8,479,059.43

Summary of Assets Held

Asset Classification	Market Value	Cost	Accrued Income	Est Annual Income	Market Yield
FIXED INCOME	8,022,689.78	8,184,306.74	48,659.50	109,286.50	1.36%
CASH AND SHORT TERM	456,369.65	456,369.65	0.00	6,041.34	1.32%
ACCOUNT TOTALS	8,479,059.43	8,640,676.39	48,659.50	115,327.84	1.36%

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	438.25	0.00	0.00	1,421.65	0.00
PURCHASES	438.25 -	0.00	0.00	1,421.65 -	0.00
CLOSING BALANCE	0.00	0.00	0.00	0.00	0.00

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

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BNY MELLON

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

Statement Period 04/01/2018 Through 04/30/2018

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+	98.16900 100.20000	4,498,103.58 4,591,164.00	26,410.14 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+	98.26000 100.17125	3,524,586.20 3,593,142.74	22,249.36 52,011.50	1.48%
Total FIXED INCOME			8,022,689.78	48,659.50	1.36%
			8,184,306.74	109,286.50	
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 4,569.30	1.32%
111,199.350	INSTL RES TRE AND AGNY CASH ADV6541 CUSIP: X9USDEFRU	1.00000 1.00000	111,199.35 111,199.35	0.00 1,472.04	1.32%
Total CASH AND SHORT TERM			456,369.65	0.00	1.32%
			456,369.65	6,041.34	
ACCOUNT TOTALS			8,479,059.43	48,659.50	1.36%
			8,640,676.39	115,327.84	

Total Market Value Plus Total Accrued Income 8,527,718.93

Statement of Transactions

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
04/01/18	OPENING BALANCE	0.00	0.00	8,640,238.14	
04/03/18	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 04/03/18 SET/DATE 04/03/18 CUSIP X9USDEFRU 438.250 SHARES	438.25 -	0.00	438.25	0.00
04/03/18	Dividend DREYFUS INS RES TSY AGY CH ADV 6541 TRADE DATE 04/03/18 SET/DATE 04/03/18 CUSIP X9USDEFRU 438.250 SHARES	438.25	0.00	0.00	0.00
04/03/18	DAILY ENDING BALANCE	0.00	0.00	8,640,676.39	0.00
04/30/18	CLOSING BALANCE	0.00	0.00	8,640,676.39	0.00

Cumulative realized capital gain and loss position from 12/31/2017 for securities held in principal of account:

Short Term: 0.00 * Long Term: 0.00 *

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

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BNY MELLON

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

Statement Period 04/01/2018 Through 04/30/2018

Account 322068

SO PLACER 2011 AND 2017 PARITY RES

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.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: May 17, 2018

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 18-13

SUBJECT: Investment Policy and SWAP Policies

For SPWA Board Meeting 6/28/18

ACTION REQUESTED

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

BACKGROUND

Every year the investment and Swap policies are reviewed by staff to ensure the policy complies with the California Government Code.

INVESTMENTS


The purpose of the Investment Policy is to establish cash management and investment guidelines for the Treasurer, who is responsible for the stewardship of the SPWA investment program. Each transaction and the entire portfolio must comply with the California Government Code Sections 53600 and 53635 et seq. and the Investment Policy. The Investment Policy conforms to the customary standards of prudent investment management and any changes to the policy must be adopted by the Board of Directors.

By the suggestion of the Authority's legal counsel, there are some small clean up language changes.

SWAP

By the suggestion of the Authority's legal counsel, there are some small clean up language changes.

Submitted by:




Jacquie Clarizio
Financial Analyst

Approved by:



Jay Panzica
Treasurer



Kenneth J. Glotzbach
Executive Director

South Placer Wastewater Authority Investment Policy



Effective July 1, 2018

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South Placer Wastewater Authority

Investment Policy

Effective July 1, 2018

1. **Introduction**

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

The investment policies and practices of the South Placer Wastewater Authority (SPWA) are based on state law and prudent money management. All funds will be invested in accordance with this investment policy and Article 2 of Chapter 4 of the California Government Code. This policy is in compliance with the provisions of the California Government Code, Sections 53600 through 53659, and the authority governing investments for municipal governments.

2. **Scope**

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

3. **Prudence**

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

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

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

4. **Objectives**

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

- a) **Safety.** Safety of principal is the foremost objective of the investment program. ~~Investments of SPWA investments~~ shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio. To further achieve the safety objective, ~~of safety~~ the amount invested in all investment categories is limited to a percentage of the portfolio as defined in section VIII “Permitted Investment Instruments”.
- b) **Liquidity.** The investment portfolio of SPWA will remain sufficiently liquid to enable SPWA to meet its cash flow requirements.
- c) **Return on Investment.** The investment portfolio of SPWA shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

5. **Delegation of Authority**

The Board hereby delegates management responsibility of the investment program to the Treasurer and/or his/her designee. Treasurer and/or his/her designee are hereby authorized and directed in the name and on behalf of SPWA to invest the Authority’s monies, and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which he or she might deem necessary or appropriate in order to accomplish the purposes of this policy. No person may engage in an investment transaction except as provided under the limits of this policy unless specifically exempted by statute or ordinance.

6. **Ethics and Conflict of Interest**

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

7. **Authorized Financial Dealers and Institutions**

The Treasurer and/or his/her designee will maintain a list of approved financial institutions authorized to provide investment services to the SPWA. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1. A determination should be made to insure that all approved Broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy. In addition, the broker/dealer firms should have the ability to meet all of their financial obligations in dealing with the Public Agency. The firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved. No public deposit shall be made except in a qualified public depository as established by the established state laws. All financial institutions and broker/dealers who desire to conduct investment transactions with the public agency must supply the Treasurer with the following: completed broker/dealer questionnaire, and certification of having read the SPWA investment policy.

8. Permitted Investment Instruments

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

- a) **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest. Up to 100 percent of SPWA's investment portfolio may be invested in government obligations.
- b) **Federal agency or United States government-sponsored enterprise** obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Up to 100 percent of SPWA's investment portfolio may be invested in federal agency or United States government-sponsored enterprise obligations.
- c) **Mortgage pass through security** issued and guaranteed by a Federal Agency with a maximum final maturity of five years. Purchase of securities authorized by this subdivision may not exceed 20 percent of SPWA's surplus money.
- d) **Obligations of the State of California** or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency, provided that the obligations are rated in one of the two highest categories by a nationally recognized statistical-rating organization (NRSRO). Up to 100 percent of SPWA's investment portfolio may be invested in California municipal obligations.
- e) **Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of these states.
- f) **Repurchase Agreements** used solely as short-term investments not to exceed 30 days. Up to 100 percent of SPWA's investment portfolio may be invested in repurchase agreements.
- g) **Bankers' Acceptances**, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of SPWA's investment portfolio.
- h) **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a ~~nationally recognized statistical rating~~

~~organization~~ (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (8h1) or paragraph (8h2):

- 1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated "A" or higher by a ~~nationally recognized statistical rating organization~~ (NRSRO).

- 2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - b. Has program wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond.
 - c. Has commercial paper that is rated "A-1" or higher, or the equivalent, by a ~~nationally recognized statistical rating organization~~ (NRSRO).

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

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

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

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

- j) **FDIC insured or fully collateralized time certificates of deposit.** Purchases of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA's investment portfolio.

- k) **Negotiable certificates of deposit or deposit notes** issued by a nationally or state-chartered bank, a state or federal savings and loan association, state or federal credit union, or a federally-licensed or state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "A" or better as provided for by an NRSRO.

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

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

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

- n) **Shares in a California common law trust** established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.
- o) **City of Roseville's Pooled Investment Fund.**
- p) **Supranationals**—which are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA-", its equivalent, or better by an NRSRO.

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

- q) **Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond** of a maximum of five years maturity. Eligible securities must be rated, by a nationally recognized rating service, as "AA" or higher, and the issuer of the security must have an "A" or higher rating for its debt as provided by

a nationally recognized rating service. No more than 20 percent of the Authority's surplus funds may be invested in this type of security.

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

r) Prohibited Investments

For purposes of this policy, a derivative is defined as any security where the value is linked to or derived from an underlying asset or benchmark. Any security type or structure not specifically approved by this policy is hereby specifically prohibited. SPWA will not use such derivatives as range notes, dual index notes, inverse floating rate notes, deleveraged notes, or notes linked to lagging indices or to long term indices, nor will SPWA invest in reverse repurchase agreements, interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity. This policy does not preclude the use of repurchase agreements and callable securities, as they do not fall within the definition of a derivative as described herein.

Summary of Maximum Percentage Limitations of Investments by Investment Type

SPWA Pool:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality at Time of Purchase</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations (A)	5 Years	None	No Limit	No Limit
U.S. Agency Securities (A) Mortgage Pass-Through Securities	5 Years	None	No Limit	No Limit
Forward Delivery Agreements	5 Years	None	20%	No Limit
	N/A	A	None	None
State of California or California Local Agency Bonds	5 Years	One of two highest rating categories	No Limit	No Limit
Registered State Treasury Notes or Bonds of the other 49 States	5 Years	None	No Limit	No Limit
Repurchase Agreements	30 days	None	No Limit	No Limit
Bankers' Acceptances	180 days	None	40%	30%

Commercial Paper	270 days	A-1	25%	No Limit
Medium-Term Notes	5 Years	A	30%	No Limit
Collateralized Time Deposits	5 Years	None	30%	No Limit
Negotiable Certificates of Deposit	5 Years	A	30%	No Limit
Local Agency Investment Fund (LAIF)	N/A	None	No Limit	\$60 million/account
Insured Saving Accounts	N/A	None	No Limit	No Limit
Money Market Mutual Funds	N/A	(A)	20%	10%
Shares in a California Common Law Trust	N/A	None	No Limit	No Limit
Interest Rate Swaps	N/A	None	No Limit	No Limit
City of Roseville Pooled Investment Fund	N/A	None	No Limit	No Limit
Supranationals	5 Years	AA-	30%	No Limit
Mortgage Pass-Through Securities	5 Years	AA	20%	No Limit

9. Review of Investment Portfolio

The securities held by the SPWA must be in compliance with Permitted Investments at the time of purchase. Because some securities may not comply subsequent to the date of purchase, the Treasurer shall at least annually review the portfolio to identify those securities that do not comply. The Treasurer shall report major and critical incidences of noncompliance identified through the review of the portfolio.

10. Investment Pools

A thorough investigation of any investment pool is required prior to investing and should be monitored on an ongoing basis. The following information should be obtained and analyzed.

- a) A description of eligible of investment securities
- b) A written statement of investment policies and objectives.
- c) A description of interest calculations and their distribution, and the treatment of gains and losses.
- d) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- e) A description of who may invest in the program, how often, and what size of deposits and withdraws are allowed.

11. Collateralization

Collateral for Non-negotiable Certificates of Deposit and Negotiable Certificates of Deposit must comply with California Government Code section 53652. In addition, if the Certificate of Deposit is not FDIC insured, collateral is required equal to 110 percent of principal.

The following collateral restrictions will be observed:

- Only U.S. Treasury securities or Federal Agency securities, as described in Numberssection 1, 2, and 8, 1 and 2 will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SPWA's custodian bank by book entry, physical delivery, or by a third party custodial agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value, 102 percent of the funds borrowed against those securities. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a weekly basis and the value of the underlying securities brought back up to 102 percent no later than the next business day.
- Market value must be calculated each time there is a substitution of collateral.
- SPWA or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.
- SPWA may enter into Repurchase Agreements only with primary dealers of the Federal Reserve Bank of New York.
- SPWA will have specific written agreements with each firm with which it enters into Repurchase Agreements.
- Reverse repurchase agreements will not be allowed.

12. **Safekeeping and Custody**

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

13. **Diversification**

The SPWA's investment pool will be diversified to avoid incurring unreasonable and avoidable risks. The investments will be diversified by security type, maturities of those investments, and institutions in which those investments are made.

14. **Maximum Maturity**

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit SPWA to meet all projected obligations. The maximum maturity will be no more than five years from purchase date to maturity date.

15. **Internal Control**

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, fraud or misuse. An analysis by an external independent accounting firm shall be conducted annually to review internal controls, account activity, and compliance with the investment policies.

16. **Performance Benchmark**

The investment portfolio will be designed to obtain a market rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The Investment Review Committee has elected to use for its performance standard the Constant Maturity Treasury (CMT) Index. - For tThe SPWA Portfolio the 12

month moving average yield on 2Yr CMT will be used.

17. Reporting Requirements

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

- Description of investment instrument
- Issuer name
- Yield on cost
- Purchase date
- Maturity date
- Book Value
- Par Value
- Current market value
- Transaction Activity
- Interest Earnings Summary

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

18. Investment Policy Adoption

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

19. Glossary

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

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

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

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

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

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

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

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

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

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

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

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

Portfolio – Collection of securities held by an investor.

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

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

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

APPENDIX A
SOUTH PLACER WASTEWATER AUTHORITY
Swap Guidelines

I. INTRODUCTION

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

II. APPROACH AND OBJECTIVES

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

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

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

Rationales for Utilizing Interest Rate Swaps and Options

1. Optimize capital structure; including schedule of debt service payments and/or fixed vs. variable rate allocations.
2. Achieve appropriate asset/liability match.

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

III. PERMITTED INSTRUMENTS

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

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

IV. PROCEDURE FOR SUBMISSION AND EXECUTION

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

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

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

Procurement and Execution

The Authority will not have a fixed guideline with respect to swap procurement. The Authority will assess the benefits of competitively bidding financial products that are non-proprietary or generally available in the marketplace. On a product-by-product basis, the Authority will have the authority to negotiate the procurement of financial instruments that have customized or specific attributes designed on the Authority's behalf.

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

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

Conformance with Dodd-Frank

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

Counter-Party Risk Assessment

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

The Authority shall enter into interest rate swap transactions only with qualified swap counter parties. Qualified swap counter parties are investment banks as will be identified by the Financial Advisor. Qualified swap counter parties should be rated at least "Aa3" or "AA-" by one of the nationally recognized rating agencies (i.e. Moody's, Standard and Poor's, and Fitch) and not rated lower than "A2" or "A" by any nationally recognized rating agency. In addition, the counter party must have a demonstrated record of successfully executing swap transactions as well as creating and implementing innovative ideas in the swap market. Each counter party shall have minimum capitalization of at least \$150 million.

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

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

V. SWAP ANALYSIS AND PARTICIPANT REQUIREMENTS

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

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

Swap Risks

1. Counter party Risk – The risk of a payment default on a swap by an issuer's Counter party.
2. Termination Risk - The risk that a swap has a negative value and the issuer owes a "breakage" fee if the contract has to be liquidated.
3. Tax Risk – A mismatch between changes in the rate or price on an issuer's underlying bonds and the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut, that results in an increase in the ratio of tax-exempt to taxable yields.
4. Basis Risk – A mismatch between the rate on an issuer's underlying bonds and the rate paid under the swap, e.g. a tax-exempt variable rate issue which trades at 62% of LIBOR while the issuer only receives 60% of LIBOR under the swap.
5. Tax Exemption Risk – The risk that the transaction may make the issuer's related bonds taxable.
6. Liquidity/Remarketing Risk – The risk that an issuer cannot secure a cost-effective renewal of a Letter or Line of Credit or suffers a failed auction or remarketing with respect to its variable-rate bonds.

Benefit Expectation

Financial transactions, using fixed rate swaps or other derivative products, should generate 2% greater projected savings than the savings guidelines (as described in the "Guidelines for Financing and Selection of the Financing Team") then in effect for traditional bonds.

¹ Calculation of termination values for existing THE SOUTH PLACER WASTEWATER AUTHORITY swaps will be as of the last quarterly valuation date.

This threshold will serve as a guideline and will not apply should the transaction, in the Authority's sole judgment, help to meet any of the objectives outlined herein. The higher savings target reflects the greater complexity and higher risk of derivative financial instruments. At a minimum, such financial transactions should provide a savings of no less than 5% over refunded par regardless of the spread between the financial transaction and a traditional bond refunding.

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

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

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

VI. LEGAL AND CONTRACTUAL REQUIREMENTS

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

Terms and Notional Amount of Swap Agreement

The Authority shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. In connection with the issuance or carrying of bonds, the term of the swap agreement between the Authority and a qualified swap counter party shall not extend beyond the final maturity date of existing debt of the Authority on the related Project, or in the case of a refunding transaction, beyond the final maturity of the refunding bonds. For purposes of calculating net exposure, credit shall be given to any fixed versus variable rate swaps that offset termination exposure for a specific Project or bond transaction. For variable rate transactions, credit may also be given for any assets that are used to hedge a transaction as long as in the Authority's judgment such assets are reasonably expected to remain in place on a coterminous basis with the swap.

Terms and conditions of any swap shall be negotiated by the Authority in the best interests of the Authority subject to the provisions of the California Government Code and, unless otherwise waived or altered by the Authority, these guidelines. The swaps between the Authority and each counter party shall include, as appropriate, payment, term, security,

collateral, default, remedy, termination, and other terms, conditions and provisions as the Authority, in consultation with its Bond Counsel and Financial Advisor, deems necessary or desirable.

Subject to the provisions contained herein, the Authority swap documentation and terms should include the following:

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

Termination Provision

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

Collateral

As part of any swap agreement, the Authority shall require collateralization or other forms of credit enhancements to secure any or all swap payment obligations. As appropriate, the Authority, in consultation with its Bond Counsel and Financial Advisor, may require collateral or other credit enhancement to be posted by each swap counter party under the following circumstances:

1. Each counter party to the Authority may be required to post collateral if the credit rating of the counter party or parent falls below the "AAA" category. Additional collateral for further decreases in credit ratings of each counter party shall be posted by each counter party in accordance with the provisions contained in the collateral support agreement to each counter party with the Authority the Authority. Maximum un-collateralized exposure for: i) "AAA" rated counter parties is \$40 million; ii) "AA" rated counter parties is \$10 million; and iii) below "AA" category, uncollateralized exposure is zero.

2. Threshold amounts shall be determined by the Authority on a case-by-case basis. The Authority will determine the reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.
3. Collateral shall be deposited with a third party trustee, or as mutually agreed upon between the Authority and the counter party.
4. A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the swap agreement with each swap counter party. A complete list of acceptable securities and valuation percentages are included as Attachment A.
5. The market value of the collateral shall be determined on at least a monthly basis, or more frequently if the Authority determines it is in the Authority's best interest given the specific collateral security.
6. It shall be determined on a case-by-case basis whether other forms of credit enhancement are more beneficial to the Authority.

VII. LIMITATIONS ON TERMINATION EXPOSURE

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

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

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

Under this approach, the Authority will set limits on individual counter party exposure based on existing as well as new or proposed transactions. For existing transactions, exposure will be based on the market value as of the last quarterly swap valuation report provided by the Financial Advisor. For a new or proposed transaction, the Authority will calculate the projected maximum exposure based on the estimated maximum exposure assuming two standard deviations. Standard deviation is a statistic obtained by squaring the average

difference from the mean of a distribution of numbers. Two standard deviations capture 95% of the population of a distribution of numbers. For purposes of the calculation, two standard deviations shall be calculated as the annualized standard deviation of weekly swap rates over the preceding 52 weeks. The time period may vary according to market conditions which could range from flat to volatile.

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

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

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

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

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

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

VIII. ONGOING MANAGEMENT

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

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

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

IX. ONGOING REPORTING REQUIREMENTS

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

1. A description of all outstanding interest rate swap agreements, including Project and bonds series, type of swap, rates paid and received by the Authority, total notional amount, average life of each swap agreement, remaining term of each swap agreement.
2. Highlights of all material changes to swap agreements or new swap agreements entered into by the Authority since the last report.
3. Termination Exposure of each of the Authority's interest rate swap agreements.
4. The credit rating of each swap counter party and credit enhancer insuring swap payments, if any.
5. If applicable, information concerning any default by a swap counter party to the Authority, including but not limited to the financial impact to the Authority, if any.
6. If applicable, information concerning any default by the Authority to a swap counter party.
7. A summary of swap agreements that were terminated or that have expired.
8. For a swap transaction entered into to generate debt service savings, the Authority will calculate on an annual basis the actual debt service requirements versus the projected debt service on the swap transaction at the original time of execution. Such a calculation shall include a determination of the cumulative actual savings (or, if applicable, additional payments made by the Authority) versus the projected savings at the time the swap was executed.

THE SOUTH PLACER WASTEWATER AUTHORITY
Attachment A – Acceptable Collateral

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

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

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority

DATE: June 7, 2018

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 18-14

SUBJECT: Rate Stabilization Fund Balances of April 30, 2018

For SPWA Board Meeting 6/28/18

ACTION REQUESTED

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

BACKGROUND


Due to 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 each participant's account is attached for review.

Submitted by:


Jacquelyn Flickinger, CPA
Controller

Approved:


Jay Panzica
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	\$ 72,703,913	\$ 50,257,037	\$ (2,652,334)	\$ 120,308,616

Changes in RSF Balances from July 1, 2017 to April 30, 2018:

	City of Roseville	SPMUD	Placer County	Total
Revenues:				
Connection Fees	\$ 9,838,642	\$ 3,802,752	\$ 531,773	\$ 14,173,167
Reimbursements	-	-	-	-
Interest	874,495	604,607	(44,199)	1,434,903
Total Revenues	10,713,137	4,407,359	487,574	15,608,070
Expenses:				
Capital	891,300	324,227	229,981	1,445,508
Debt Service	7,239,198	2,633,397	1,867,915	11,740,510
Administrative	72,205	26,266	18,631	117,102
Total Expenses	8,202,703	2,983,890	2,116,527	13,303,120
Increase/(Decrease) in RSF Balances	2,510,434	1,423,469	(1,628,953)	2,304,950
Beginning Balance, as of July 1, 2017	72,703,913	50,257,037	(2,652,334)	120,308,616
Ending Balance, as of April 30, 2018	\$ 75,214,347	\$ 51,680,506	\$ (4,281,287)	\$ 122,613,566

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 March 2018.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 7, 2018

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 18-15

SUBJECT: CEQA Consideration for Pleasant Grove WWTP Expansion and Authorization for Expenditure of Construction Funds

For SPWA Board Meeting of June 28, 2018

ACTION REQUESTED

Consider the Mitigated Negative Declaration (February 2017) and Addendum (June 2018) prepared for the Pleasant Grove Wastewater Treatment Plant (PGWWTP) Expansion and Energy Recovery Project and approve the attached resolution authorizing expenditure of construction funds for the project.

BACKGROUND

The PGWWTP Expansion and Energy Recovery project involves the addition of primary clarifiers, anaerobic digesters, and energy recovery equipment including microturbine electrical generators and compressed natural gas equipment for vehicle fueling to the existing PGWWTP treatment process. These additions increase the PGWWTP's treatment capacity and allow for improved resource (energy) recovery from products of the treatment process.

To meet California Environmental Quality Act (CEQA) requirements as a "Responsible Agency," the SPWA relies on the environmental review documents prepared by the City of Roseville (City) which serves as the CEQA "Lead Agency" for the project. At the October 2000 SPWA Board meeting, the Board adopted procedures that require the Authority to consider CEQA documents for capital improvement projects prior to construction funding approval.

A Mitigated Negative Declaration (MND) was prepared by the City for the PGWWTP Expansion and Energy Recover Project. The Roseville City Council, at its April 5, 2017 meeting, approved staff recommendations set forth in the attached Council Communication and adopted the MND.

An addendum to the project's 2017 IS/MND was recently prepared. The Addendum addresses minor modifications to the previously approved project, including: 1) relocation of the proposed connection to Pacific Gas & Electric's (PG&E) compressed natural gas (CNG) pipeline, 2) relocation of proposed construction staging areas, 3) changes in the phasing of solid waste trucks that would be available for fueling with CNG, and 4) changes to the construction schedule.

The Addendum finds the project modifications would not alter the conclusions of the 2017 IS/MND. Therefore, pursuant to Section 15164 (b) of the CEQA Guidelines, the

differences between the approved project described in the 2017 IS/MND and the modifications described in the Addendum are considered minor technical changes and none of the conditions described in Section 15162 calling for preparation of a subsequent EIR or negative declaration have occurred. Therefore, staff recommends the Board consider both the 2017 IS/MND and related Addendum prior to taking action on funding approval.

Copies of the MND and Addendum are provided with each Board Member's meeting packet.

Construction costs for the project are expected to be approximately \$80 million. We anticipate project funding from three sources: \$25 million cash from the Authority's Rate Stabilization Fund (Connection Fees); \$30 million bond funds from the Authority's sale in late 2017; and a \$25 million loan from the California's Clean Water State Revolving Fund (SRF). The City is acting on behalf of the Authority as the SRF applicant for the project. The Authority, under separate agreement with the City will reimburse the City for the SRF loan out of proceeds from the Rate Stabilization Fund. The SRF loan application is currently being processed by the State. No project construction will be authorized before the application process is complete and a funding agreement is finalized.

Submitted by:



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2018-04

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
AUTHORIZING EXPENDITURE OF CONSTRUCTION FUNDS FOR THE
PLEASANT GROVE WASTEWATER TREATMENT PLANT EXPANSION
FOR FY 2018-19**

WHEREAS, to meet the California Environmental Quality Act (CEQA) requirements as a “Responsible Agency”, the South Placer Wastewater Authority (the “Authority”) relies on the environmental review documents prepared by the City of Roseville (City) which serves as the CEQA “Lead Agency” for the Pleasant Grove Wastewater Treatment Plant (PGWWTP) Expansion and Energy Recovery Project (Project);

WHEREAS, at the October 2000 SPWA Board meeting, the Board adopted procedures that require the Authority to consider CEQA documents for capital improvement projects prior to construction funding approval;

WHEREAS, a Mitigated Negative Declaration (MND) and Addendum was prepared for the Project by the City and approved by the City Council at its April 2017 and June 2018 meetings, respectively; and

WHEREAS, the Authority has considered the Mitigated Negative Declaration and Addendum prepared for the Project.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to allocate construction funds to the Project, as he may deem necessary or desirable; provided, however, that no project construction will be authorized before the State Revolving Fund application process is complete and a funding agreement is finalized.

PASSED AND ADOPTED this 28th day of June, 2018, by the following vote:

AYES:

NOES:

ABSENT:

Chairperson

ATTEST:

Secretary



COUNCIL COMMUNICATION

CC #: 8368

File #: 0900-02-02-2

Title:	Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects - Initial Study/Mitigated Negative Declaration and Projects Adoption
Contact:	George Hanson 916-746-1764 ghanson@roseville.ca.us

Meeting Date: 4/5/2017

Item #: 12.3.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council adopt a resolution to approve the Pleasant Grove Wastewater Treatment Plant Expansion & Energy Recovery Projects, adopt the Initial Study/Mitigated Negative Declaration (Exhibit A), and approve the Mitigation, Monitoring and Reporting Plan (Exhibit A, Chapter 4).

BACKGROUND

The City owns and operates the Pleasant Grove Wastewater Treatment Plant (PGWWTP), on behalf of the South Placer Wastewater Authority (SPWA) partners, including Placer County and the South Placer Municipal Utility District. The plant currently has a treatment capacity of 9.5 million gallons per day (mgd) and has been in service since it was constructed in 2004.

The need to expand the PGWWTP is being driven by recent and anticipated growth within the SPWA service area. The PGWWTP presently treats an average dry weather flow (ADWF) of approximately 8 mgd. This expansion project is expected to increase the treatment capacity from 9.5 mgd to 12 mgd to accommodate projected growth through 2040.

The proposed expansion project would add primary clarification, anaerobic digestion, solids handling and ancillary facilities to the current treatment process. Anaerobic digestion produces digester gas, which when separated from carbon dioxide, and its moisture content, is similar in composition to natural gas (methane). To utilize this digester gas, an energy recovery project is planned to utilize the gas as fuel for power generation and City vehicles. The project would also utilize additional gas generated from High Strength Waste (HSW) such as food waste and fats, oils and grease (FOG) that would be received at the PGWWTP and processed in the digesters. The expansion project will occur within the existing boundary of the PGWWTP and would last approximately 24 months. It is anticipated construction will begin either in December of this year or in January 2018.

The facilities for the Energy Recovery Project would be constructed on City-owned property reserved for treatment plant infrastructure, adjacent to, and immediately south of the existing PGWWTP facilities. The project would include the following facilities: three microturbines, a HSW receiving facility, a food waste pre-processing facility, systems for conditioning and upgrading the digester gas to a renewable compressed natural gas quality, and a gas fueling station and associated parking. The microturbines will produce electrical power that will be used by the treatment plant and the heat needed for the anaerobic digestion process. Construction of the Energy Recovery Facilities would last approximately 18 months and would begin in early 2018.

FISCAL IMPACT

There is no additional fiscal impact on the funding previously approved by the South Placer Wastewater Authority for engineering services for both projects.

ECONOMIC DEVELOPMENT / JOBS CREATED

There will be no direct economic development impacts or jobs created within the City of Roseville as a result of this action.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) requires that all state and local government agencies consider the environmental consequences of projects over which they have discretionary authority before acting on those projects. An Initial Study (IS) is a public document used by the decision-making lead agency to describe the proposed project, the existing setting, and to determine whether the project may have a significant impact on the environment. If it is determined in an IS that the proposed project will not have a significant impact on the environment, a Negative Declaration (ND) or Mitigated Negative Declaration (MND) shall be prepared. In accordance with CEQA an IS was prepared for the proposed project (Exhibit A). The conclusion of the Initial Study is that all potential impacts can be mitigated to a less-than-significant level. As such, a MND is proposed by staff to satisfy CEQA requirements. A summary of the potential impacts and recommended mitigation measures contained in the IS/MND is presented below.

Because the project may be partially funded with a loan from the federal Clean Water State Revolving Fund (SRF) administered by

the State Water Resources Control Board (SWRCB), the project is also required to comply with certain federal environmental protection laws. Collectively, the SWRCB refers to these requirements as "CEQA-Plus." Therefore, the IS has also been prepared in accordance with the Environmental Review Process Guidelines for State Revolving Fund Loan Applicants and is expanded beyond the typical CEQA IS content requirements. This additional SRF analysis is found in Chapter 4 of the draft IS, "Compliance with Federal Regulations", as well as in Appendix A "Alternatives Analysis". These sections of the IS have been prepared to assist SWRCB processing of the SRF loan application and do not require action by the City of Roseville.

Environmental Summary

The IS assesses both individually, and as a combined project, the environmental impacts of the PGWWTP Expansion and the Energy Recover Project. The environmental analysis identified potential impacts to five environmental issue areas. The potential impacts and mitigation measures (MM) are summarized below:

Biological Resources

- Impact: Potential impacts to burrowing owl due to grading at the Energy Recover Project Site
- Mitigation: Implement MM 3.4-1: WRSP EIR MM 4.7-6 avoid nesting sites

Cultural Resources

- Impact: Potential impacts to unknown cultural resources and/or Native American human remains due to ground disturbing activities
- Mitigation: Implement MM 3.5-1: Stop work if cultural resources are found; and, MM 3.5-2: Stop work if human remains are found

Greenhouse Gas Emissions

- Impact: Potentially significant greenhouse gas emissions due to the PGWWTP Expansion Project operation
- Mitigation: Implement MM 3.7-1: Achieve a net reduction of 1,725 MT CO₂e/year by either: 1) implementing the Energy Recover Project (which would reduce additional operational emissions from the Expansion Project by 103 percent); 2) Purchase electricity from a higher percentage of renewable sources; or, 3) Purchase Green House Gas (GHG) offsets

Noise

- Impact: Although not anticipated, should night-time construction be required, construction noise could exceed the City's 45 dB nighttime noise standard at residences located west of Westbrook Boulevard.
- Mitigation: Implement MM 3.12-1: Employ noise curtains during nighttime construction involving heavy equipment or haul trucks on the west side of the project sites

Traffic

- Impact: Large trucks accessing the project sites via two-lane roads with adjacent residential uses during construction and/or operation would be incompatible with residential neighborhoods and could temporarily increase hazards.
- Mitigation: Implement MM 3.16-1 which calls for development of a construction traffic management plan; also, adhere to the project access route identified in the project description and shown on IS Figure 2-3 (Fiddymont Road, to Hayden Parkway to Bob Doyle Drive, to Westpark Drive).

A full analysis of the environmental impacts and MMs is contained in the IS. In addition, the full text of all MMs is contained in the Mitigation Monitoring and Reporting Program (MMRP) which is included as Chapter 4 of the Comments, Responses and Errata for the CEQA-Plus IS/MND (Exhibit A).

The IS concludes that with implementation of all recommended mitigation measures, all potential impacts would be reduced to a less-than-significant level and a MND is proposed to satisfy CEQA requirements. Therefore, staff recommends adoption of the IS/MND and approval of the Mitigation Monitoring Plan.

Public Outreach

The IS/MND was made available in electronic and hard copy format at the Permit Center front counter and on the City's web site for a 38-day public review and comment period that extended from December 19, 2016 through January 25, 2017. The public review period included an additional week beyond regulatory requirements to account for the fact that it occurred over the holiday season. The Environmental document availability was publicized via legal notice in the Roseville Press Tribune on December 16, 2016 and via post card notices mailed on December 19, 2016 to all properties located within 300 feet of the proposed project. The project notice was also sent to all involved state and federal agencies, nearby local jurisdictions, the Roseville Coalition of Neighborhood Associations, and the Roseville Chamber of Commerce. An article was also included in the December 20, 2016 edition of the City of Roseville Newsletter. Electronic and social media outreach included several postings to the City's web site main page, Nextdoor online portal and Facebook. All notices advised of the IS/MND availability and public comment period.

Should the projects be approved, staff will reach out, again, to the public, with advance notice regarding construction of the projects.

Public Comment on the Environmental Document

The City received six (6) comment letters during the public review period as follows:

- Nancy Bullock, Resident, December, 21, 2016
- California Department of Fish and Wildlife, January 5, 2017
- Central Valley Regional Water Quality Control Board, January 12, 2017
- State Water Resources Control Board, January 23, 2017
- Governor's Office of Planning and Research, January 23, 2017
- Placer County, January 25, 2017

Comments received related to the following topics:

- Economic feasibility of the project
- Potential for biological resources to be affected by the project and adequacy of proposed mitigation
- Compliance with applicable water quality regulations
- Compliance with federal requirements under the State Revolving Fund Program

All comment letters and City responses, as well as any IS pages requiring revision (errata pages) based upon comments received, are contained in the Comments, Responses, and Errata for the CEQA-Plus IS/MND (Exhibit A). City responses and City initiated changes to the ISMND are not considered significant and re-circulation of the document is not required in accordance with CEQA Guidelines Section 15073.5(c).

Respectfully Submitted,

George Hanson, Senior Engineer

Richard Plecker, Environmental Utilities Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Resolution No. 17-114

Pleasant Grove WWTP Expansion and Energy Recovery Project Comments, Responses, and Errata for the CEQA-Plus Initial Study/Mitigated Negative Declaration

RESOLUTION NO. 17-114

ADOPTING AN INITIAL STUDY/MITIGATED NEGATIVE DECLARATION, APPROVING THE MITIGATION MONITORING AND REPORTING PLAN, AND APPROVING THE PLEASANT GROVE WASTEWATER TREATMENT PLAN EXPANSION & ENERGY RECOVERY PROJECTS

WHEREAS, the City of Roseville, pursuant to the City of Roseville Procedures for the Preparation, Processing and Review of Environmental Documents ("the Procedures"), has submitted to the City Council, acting as Approving Authority pursuant to said Procedures, an Initial Study/Mitigated Negative Declaration for the Pleasant Grove Wastewater Treatment Plan Expansion & Energy Recovery Projects located in Roseville, California ("the Project"); and

WHEREAS, the Council has considered the recommendation of staff and the Proposed Initial Study/Mitigated Negative Declaration, together with all public comments received during the public review process; and

WHEREAS, the City Clerk's Department is the custodian of record of the record of proceedings and such documents are on file with the City Clerk's Department; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Roseville that it finds on the basis of the Initial Study/Mitigated Negative Declaration, and the whole record, including public comments and other documents, that if the Pleasant Grove Wastewater Treatment Plan Expansion & Energy Recovery Projects is conditioned with mitigation measures as proposed, there is no substantial evidence that the Project will have a significant effect on the environment; the Initial Study/Mitigated Negative Declaration reflects the independent judgment and analysis of the City of Roseville, and the Initial Study/Mitigated Negative Declaration for the Project is hereby adopted.

BE IT FURTHER RESOLVED, the Mitigation Monitoring Plan for the Pleasant Grove Wastewater Treatment Plan Expansion & Energy Recovery Projects is hereby approved.

BE IT FURTHER RESOLVED that the Pleasant Grove Wastewater Treatment Plan Expansion & Energy Recovery Projects as described in the Initial Study is hereby approved and staff is directed to move forward with the proposed project.

PASSED AND ADOPTED by the Council of the City of Roseville this 5th day of April, 2017, by the following vote on roll call:

AYES	COUNCILMEMBERS:	Gore, Alvord, Herman, Allard
NOES	COUNCILMEMBERS:	None
ABSENT	COUNCILMEMBERS:	Rohan


VICE MAYOR

ATTEST:


City Clerk

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 7, 2018

FROM: Kenneth J. Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 18-16

SUBJECT: Approval of Capital Improvement Projects Budget and Update

For SPWA Board Meeting of June 28, 2018

ACTION REQUESTED

Request approval of the recommended budget changes shown on Attachment A.

BACKGROUND

Budget

There are two budget changes requested for the Fiscal Year 18-19 Project Budget.

1. Staff expects to begin construction of the Pleasant Grove Wastewater Treatment Plant (PGWWTP) Expansion Project during the fiscal year and requests an \$80 million budget addition to fund construction (Project 55). This amount corresponds to the estimated construction cost for the project. The requested funding consists of \$25 million from the Rate Stabilization Fund (cash), \$30 million from the 2017 bond sale, and \$25 million from the State Revolving Fund (SRF). If for some reason obligated SRF funding is not at least \$25 million Staff will return to the Board with other funding options for consideration before contractor proposals are solicited. When actual contractor proposals are received an updated project cost estimate will be made that reflects actual contractor pricing and additional costs for engineering construction support and construction management.

2. An evaluation of the regional wastewater conveyance and treatment facilities was prepared nearly 10 years ago (SPWA System Evaluation, 2009). This evaluation provided detailed analysis of anticipated growth in the SPWA service area and its effect on SPWA funded infrastructure. The evaluation estimated costs and timing for future expansion needs and has served as a fundamental planning document for Staff.

In order to keep this document relevant, it is necessary to review the evaluation, revise outdated information, and extend the evaluation projections into the future.

To fund this work, Staff requests a budget addition of \$400,000 (Project 56).

The total requested addition to the Capital Improvement Projects Budget is \$80,400,000 which brings the total approved program funding to \$352,790,497.

Project Updates

Pleasant Grove WWTP Expansion and Energy Projects (Project #55)

Design work is complete on both the Expansion and Energy Recovery portions of the project. Staff are working with State Revolving Fund (SRF) staff to complete their application. Since January 2018, we have made good progress and the project's SRF application is undergoing legal review which is the last of the four review stages. Although the exact timing for receipt of the SRF funding remains uncertain, Staff hope to have all funding arrangements completed by the end of 2018.

Other Project Updates

Project #53, Dry Creek Bank Stabilization, remains open in order to monitor environmental permitting and mitigation requirements. All other project work was previously completed.

Submitted by:



Kenneth J. Glotzbach
Executive Director

SPWA WASTEWATER PROJECTS

Attachment A

PROJECT TITLE	ACCOUNT NUMBER	Total Approved Project Budget	Estimated PTD Expenditures Through FY 17-18	FY 18-19 CIP Budget (new \$ ONLY)	Anticipated Spending in FY19 (commentary)
1 WWTP LANDSCAPE PROJECT	30950 / 943507	\$ 1,219,812	\$ 1,219,812	\$ -	\$ -
2 POTABLE WATER LINE TO THE DCWWTP	30950 / 963502	\$ 183,838	\$ 183,838	\$ -	\$ -
3 KASEBERG NORTHEAST TRUNK SEWER LINE	30950 / 983501	\$ 1,570,936	\$ -	\$ 1,570,936	\$ -
4 PLEASANT GROVE WASTEWATER TREATMENT PLANT	30950 / 983503	\$ 123,998,751	\$ -	\$ 123,998,751	\$ -
5 TRANSMISSION MAIN	30950 / 983504	\$ 3,525,013	\$ -	\$ 3,525,013	\$ -
6 PLEASANT GROVE TRUNK SEWER	30950 / 983505	\$ 11,573,550	\$ -	\$ 11,573,550	\$ -
7 LIME FEED SYSTEM FOR RECYCLED WATER DIST	30950 / 983506	\$ 75,594	\$ -	\$ 75,594	\$ -
8 EMERGENCY STORAGE POND FLOOD CONTROL (1)	30950 / 983507	\$ 8,996,779	\$ -	\$ 8,996,779	\$ -
9 BOIFILTER ODOR CONTROL SCRUBBING UNIT	30950 / 983508	\$ 623,340	\$ -	\$ 623,340	\$ -
10 NRSP 30" RECYCLE LINE	30950 / 983510	\$ 1,898,988	\$ -	\$ 1,898,988	\$ -
11 VIBRATION MONITORING AT WWTP	30950 / 983502	\$ 5,371	\$ 5,371	\$ -	\$ -
12 RECYCLED WATER PUMPS UPGRADE	30950 / 993503	\$ 33,312	\$ 33,312	\$ -	\$ -
13 MODIFY BACKWASH PUMP STATION	30950 / 993504	\$ 2,703	\$ 2,703	\$ -	\$ -
14 KASEBERG SOUTHEAST TRUNK SEWER	30950 / 993505	\$ 613,601	\$ 613,601	\$ -	\$ -
15 DIAMOND OAKS RECYCLE LINE	30950 / 993506	\$ 7,106,661	\$ 7,106,661	\$ -	\$ -
16 WOODCREEK OAKS PRESSURE VALVE	30950 / 003502	\$ 5,745	\$ 5,745	\$ -	\$ -
17 UPGRADE AERATION CONTROLS	30950 / 003506	\$ 124,048	\$ 124,048	\$ -	\$ -
18 MECHANICAL MAINTENANCE BUILDING UPGRADE	30950 / 013501	\$ 161,886	\$ 161,886	\$ -	\$ -
19 UPGRADE RECYCLED WATER SYSTEM	30950 / 013502	\$ 1,850,037	\$ 1,850,037	\$ -	\$ -
20 DIAMOND CREEK CASCADE/OUTFALL	30950 / 013503	\$ 210,531	\$ 210,531	\$ -	\$ -
21 DCWWTP/WEST DRY CREEK OUTFALL	30950 / 013504	\$ 153,370	\$ 153,370	\$ -	\$ -
22 RWIOCB BASIN PLAN AMENDMENT	30950 / 013505	\$ 658,856	\$ 658,856	\$ -	\$ -
23 DCWWTP COOLING UNITS	30950 / 023501	\$ 3,139,986	\$ 3,139,986	\$ -	\$ -
24 DCWWTP CONVERSION TO UV	30950 / 023503	\$ 37,399,962	\$ 37,399,962	\$ -	\$ -
25 WEST DRY CREEK CPD RW CONNECTION	30950 / 023504	\$ 171,258	\$ 171,258	\$ -	\$ -
26 DCWWTP DIGESTER HANDRAIL	30950 / 033502	\$ 5,760	\$ 5,760	\$ -	\$ -
27 DCWWTP GATE SECURITY	30950 / 033503	\$ 47,530	\$ 47,530	\$ -	\$ -
28 DCWWTP FILTER PLC UPGRADE	30950 / 033504	\$ 169,217	\$ 169,217	\$ -	\$ -
29 REGIONAL PARTNER TELEMETRY	30950 / 033505	\$ 6,909	\$ 6,909	\$ -	\$ -
30 CIP RESERVE	30950 / 033506	\$ -	\$ -	\$ -	\$ -
31 DCWWTP FLOW METERS	30950 / 043501	\$ 522,629	\$ 522,629	\$ -	\$ -
32 PGWWTP RECYCLED WATER SYSTEM	30950 / 043502	\$ -	\$ -	\$ -	\$ -
33 PS DECOMMISSIONING	30950 / 043503	\$ 132,750	\$ 132,750	\$ -	\$ -
34 WW/RW SYSTEMS EVALUATION	30950 / 043504	\$ 1,095,577	\$ 1,095,577	\$ -	\$ -
35 DCWWTP AERATION PLC UPGRADE	30950 / 053501	\$ 13,059	\$ 13,059	\$ -	\$ -
36 DCWWTP FILTER BACKWASH RETURN PIPELINE UPGRADE	30950 / 053502	\$ 1	\$ 1	\$ -	\$ -
37 DCWWTP OPERATIONS ADMIN BUILDING	30950 / 053503	\$ 564,636	\$ 564,636	\$ -	\$ -
38 WATER PURIFICATION PILOT PROJECT	30950 / 053504	\$ 420,567	\$ 420,567	\$ -	\$ -
39 RW MODEL DEVELOPMENT	30950 / 053505	\$ 187,498	\$ 187,498	\$ -	\$ -
40 NPDES PERMIT RENEWAL	30950 / 053506	\$ 585,654	\$ 585,654	\$ -	\$ -
41 PGWWTP CONVERSION TO UV	30950 / 063502	\$ -	\$ -	\$ -	\$ -
42 DCWWTP MAINTENANCE SHOP	30950 / 063503	\$ 4,220,075	\$ 4,220,075	\$ -	\$ -
43 PGWWTP PROCESS IMPROVEMENTS	30950 / 063504	\$ 3,630,770	\$ 3,630,770	\$ -	\$ -
44 SIA RW PIPELINE	30950 / 063505	\$ -	\$ -	\$ -	\$ -
45 WW FORCE MAIN CONVERSION TO RW	30950 / 063506	\$ 953,005	\$ 953,005	\$ -	\$ -
46 RELIABILITY CENTERED MAINTENANCE	30950 / 063507	\$ 453,548	\$ 453,548	\$ -	\$ -
47 EXPANSION OF PGWWTP (2007)	30950 / 073505	\$ 41,049,474	\$ 41,049,474	\$ -	\$ -
48 EXPANSION OF DCWWTP	30950 / 073506	\$ 874,326	\$ 874,326	\$ -	\$ -
49 RADIO TELEMETRY	30950 / 073507	\$ 141,002	\$ 141,002	\$ -	\$ -
50 PROCESS CONTROL STANDARDS	30950 / 073508	\$ 211,883	\$ 211,883	\$ -	\$ -
51 GREASE RECEIVING STATION	30950 / 073509	\$ 227,047	\$ 227,047	\$ -	\$ -
52 SERVICE AREA CEQA ANALYSIS	30950 / 123507	\$ 2,468	\$ 2,468	\$ -	\$ -
53 DRY CREEK BANK STABILIZATION	30950 / 133504	\$ 609,000	\$ 609,000	\$ -	\$ 30,000
54 DRY CREEK WWTP NITRATE PROCESS IMPROVEMENTS	30950 / 143505	\$ -	\$ -	\$ -	\$ -
55 PGWWTP EXPANSION	30950 / 153507	\$ 10,962,183	\$ 10,962,183	\$ 80,000,000	\$ 10,000,000
56 WW System Evaluation	To Be Assigned	\$ -	\$ -	\$ 400,000	\$ 400,000
TOTAL (includes completed projects)		\$ 272,390,497	\$ 265,826,576	\$ 80,400,000	\$ 10,430,000

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 7, 2018

FROM: Kenneth J. Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 18-17

SUBJECT: Reimbursement Agreement Between SPWA and City of Roseville for State Revolving Fund for the Pleasant Grove WWTP Expansion Project

For SPWA Board Meeting of June 28, 2018

ACTION REQUESTED

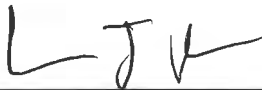
No action needed. Item is for information only.

BACKGROUND

As presented at past South Placer Wastewater Authority (SPWA) Board meetings, Staff are working to secure partial project funding from the California State Revolving Fund (SRF) program for the Pleasant Grove WWTP Expansion project. This SRF fund will provide a low interest loan that is repaid over a 30-year period. To minimize administrative complexity and to ensure that business decisions are made in a timely manner (given the limited number of SPWA Board meetings), Staff proposed that Roseville apply for SRF funding on behalf of the SPWA. Roseville will be responsible for repayment of the SRF loan and the Board agrees to reimburse Roseville using connection fees collected by all SPWA partners and held in the Rate Stabilization Fund.

Staff have prepared the attached agreement to formalize this funding arrangement. Staff intend to present the agreement to the Roseville City Council at an upcoming meeting to request authorization for the City to enter into the agreement.

Submitted by:



Kenneth J. Glotzbach
Executive Director

**DEBT SERVICE REPAYMENT AGREEMENT
CLEAN WATER STATE REVOLVING FUND PROGRAM**

THIS DEBT SERVICE PAYMENT AGREEMENT (the “**Agreement**”) is made effective as of the ___ day of _____, 20___, by and between the SOUTH PLACER WASTEWATER AUTHORITY, a joint powers agency (“**Authority**”) and the CITY OF ROSEVILLE, a municipal corporation duly organized and existing under the laws of the State of California (the “**City**”).

RECITALS

- A. **WHEREAS**, the City of Roseville, together with the County of Placer and the South Placer Municipal Utility District (collectively the “**Participants**”), have formed a joint powers agency, known as the South Placer Wastewater Authority for the purpose of jointly financing the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure pursuant to that certain Amended and Restated Funding Agreement relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012 (“**Amended and Restated Funding Agreement 2012**”), among the Authority and the Participants, including to issue bonds and obtain other financing for such purpose; and
- B. **WHEREAS**, the City, at the Authority’s request and on behalf of the Authority, has applied for Clean Water State Revolving Fund funding (the “**SRF Funding**”) provided by the State of California, acting by and through the State Water Resources Control Board (the “**State Water Board**”) in connection with the Authority’s Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project (the “**Project**”); and
- C. **WHEREAS**, the Authority intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys obtained from the SRF Funding; and
- D. **WHEREAS**, the Authority has authorized its Executive Director to enter into an agreement with the City to reimburse the City for amounts paid in connection with the SRF fund in accordance with Resolution Numbers 2017-10, 2017-11, 2017-12, 2017-13, and 2017-14, which were adopted by the Board of Directors of the Authority at the August 17, 2017 board meeting; and
- E. **WHEREAS**, the parties hereto desire to provide for payment of debt service related to the SRF Funding subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

AGREEMENT

1. SRF Funding through the City of Roseville. The Authority hereby agrees to and acknowledges the City's application for SRF Funding on behalf of the Authority in the maximum principal amount of One Hundred Eighteen Million Three Hundred Eleven Thousand Six Hundred Sixty-Eight Dollars (\$118,311,668) on terms provided for in the SRF financing agreement(s) contemplated by the SRF funding application attached hereto as **Exhibit A** (the "SRF Financing Agreements").
2. Authority Repayment of Debt Service. The Authority hereby agrees to reimburse the City for all debt service payments made by the City for the SRF Funding as and when required by the SRF Financing Agreements, subject to the condition that the Authority's Executive Director shall have approved the form of SRF Financing Agreements in writing prior to execution thereof by the City. This requirement is addressed in Resolution Numbers 2017-10, Approval of Reimbursement Agreement with the City of Roseville in Connection with Clean Water State Revolving Fund (SRF) Funding; 2017-11 Reimbursement Resolution; 2017-12 Authorizing Resolution; 2017-13 Pledged Revenues and Fund(s) Resolution; and 2017-14 Contingent Authorizing Resolution in Connection with Clean Water State Revolving Fund (SRF) Funding, which are attached hereto as **Exhibits B, C, D, E, and F**.
3. Pledged Revenues. The Authority hereby agrees to pledge specific revenue streams towards the City's SRF Funding debt service payment obligations for the duration of the SRF Financing Agreements. Debt service payments will be accomplished using connection fees collected by all Participants that make up the Authority's Rate Stabilization Fund (RSF) on a parity basis with the Authority's pledge of the same revenue stream for payment of outstanding bonds. Should the available RSF funds fail to meet minimum repayment obligations, it would be necessary for each partner to provide additional funds to meet the repayment obligation. This requirement is addressed in the Amended and Restated Funding Agreement (2012), attached hereto as **Exhibit G**, which stipulates that if RSF funds are insufficient, other user charges (rates) must be used to meet debt repayment obligations. So long as the SRF Financing Agreements are outstanding, the Authority commits to maintaining the foregoing fund(s) and revenue(s) at levels sufficient to meet its debt service payment obligations under this Agreement.
4. Term and Termination. This Agreement shall be effective as of the date first above written and shall remain in effect until such time as all debts under the SRF Financing Agreements shall have been paid in full.
5. Amendments. This Agreement may be amended only by the written agreement of the Authority and the City.

6. Rights of Third Parties; Dispute Resolution. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under, or by reason of, this Agreement on any person other than the parties hereto and their respective permitted successors and assigns. If an event of default occurs hereunder, the parties hereto shall, as a prerequisite to litigation, attempt to resolve the matter through mediation. If mediation fails to resolve the matter after a reasonable time, the parties shall have the right to take whatever action it, or they, deem(s) necessary or advisable to ensure that such defaulting party complies with the provisions hereof, including, without limitation, bringing an action in law or in equity. In any action brought by any party to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie.

7. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties in separate counterparts, each of which, when executed and delivered, shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution _____, adopted by the City Council of the City of Roseville on the ___ of _____, 20___, and South Placer Wastewater Authority has caused this Agreement to be executed under the authority of Resolutions 2017-10, 2017-11, 2017-12, 2017-13, and 2017-14, adopted by the Board of Directors of the South Placer Wastewater Authority on the 17 day of August, 2017.

SOUTH PLACER WASTEWATER AUTHORITY

BY: _____
Kenneth J. Glotzbach
Executive Director

ATTEST:

BY: _____
Karen Sainsbury
Secretary, Board of Directors

APPROVED AS TO LEGAL FORM:

BY: _____
Sabrina L. Thomas
Authority's General Counsel

CITY OF ROSEVILLE

BY: _____
Dominick Casey
Acting City Manager

ATTEST:

BY: _____
Sonia Orozco
City Clerk

APPROVED AS TO LEGAL FORM:

BY: _____
Robert R. Schmitt
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
Richard D. Plecker
Director of Environmental Utilities

EXHIBIT A

State Revolving Fund Application



GENERAL INFORMATION PACKAGE

I. TYPE OF ASSISTANCE REQUESTED			
Amount of Assistance Requested: \$ 118,311,668			
Proposed Security: <input checked="" type="checkbox"/> Wastewater revenues and fund <input type="checkbox"/> Water revenues and fund <input type="checkbox"/> Other:			
Project Type(s): <input checked="" type="checkbox"/> Wastewater <input type="checkbox"/> Water Recycling <input type="checkbox"/> Estuary <input type="checkbox"/> Nonpoint Source			
II. APPLICANT INFORMATION			
Applicant Name: City of Roseville			
Street Address: 2005 Hilltop Circle		City: Roseville	State: CA Zip+4 Code: 95747-9704
Applicant Type: <input checked="" type="checkbox"/> Public <input type="checkbox"/> Indian Tribe <input type="checkbox"/> Nonprofit <input type="checkbox"/> Other: Specify _____			
County: Placer County		Charter City/County: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Mailing Address: 2005 Hilltop Circle		City: Roseville	State: CA Zip+4 Code: 95747-9704
Congressional District(s): 4			
State Senate District(s): 4			
State Assembly District(s): 6			
Data Universal Numbering System (DUNS) No.: 076119643		Federal Tax ID No.: 94-6000-409	
Regional Water Board where the project will take place: <input type="checkbox"/> 1 (North Coast) <input type="checkbox"/> 2 (San Francisco Bay) <input type="checkbox"/> 3 (Central Coast) <input type="checkbox"/> 4 (Los Angeles) <input checked="" type="checkbox"/> 5 (Central Valley) <input type="checkbox"/> 6 (Lahontan) <input type="checkbox"/> 7 (Colorado River) <input type="checkbox"/> 8 (Santa Ana) <input type="checkbox"/> 9 (San Diego)			
Authorized Representative Name, Title: Kenneth Glotzbach, Wastewater Utility Manager			
Phone No.: (916) 774-5754		Email Address: kglotzbach@roseville.ca.us	
Contact Person Name: George Hanson			
Phone No.: (916) 746-1764		Email Address: GHanson@roseville.ca.us	
Local Counsel Name: Bob Schmitt			
Phone No.: (916) 774-5325		Email Address: BSchmitt@roseville.ca.us	
III. PROJECT INFORMATION AND PROPOSED SCHEDULES			
Project Description: <i>(Enter a brief description of the project)</i> The City of Roseville operates the Pleasant Grove Wastewater Treatment Plant (PGWWTP), which needs additional capacity due to recent and anticipated acceleration of growth within the South Placer Wastewater Authority (SPWA) service area. Based on growth projections within SPWA, Average Dry Weather Flows are anticipated to exceed 9 million gallons (MGD) per day by 2020 and projected to equal or exceed PGWWTP's treatment capacity of 9.5 MGD by 2024. The addition of 12 MGD of new rectangular primary clarifier capacity, solids thickening, anaerobic digestion and odor control (Expansion Project) is needed to address future flows and loads as well as reduce biosolids related odors. Separate energy recovery facilities would be construction to beneficially utilize the digester gas produced by anaerobic digestion (Energy Recovery Project).			
Project Title: Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project			
Project Location Street Address: 5051 W. Park Drive		City: Roseville	State: CA Zip+4 Code: 95747- 4839
NPDES Permit or WDR Order No. (if applicable): NPDES Permit No. CA0084573/ WDR Order No. R5-2014-0051			
Current Year Estimated Population Served: Approximately 126,300			

State Use Only	
CWSRF Project #	
Project Manager	
Date Received	

		Estimated or Actual Date
Estimated Project Schedule:	Complete Construction Application	January 2017
	1) General Information Package	January 2017
	2) Technical Package	January 2017
	3) Environmental Package	January 2017
	4) Financial Security Package	February 2017
	Complete Project Plans and Specifications	June 2017
	Advertise Bids	June 2017
	Issue Notice to Proceed	October 2017
	Complete Construction	October 2019

Consultation with Other Agencies

Please list other Federal and State agencies that have been involved in this project (e.g. planning, CEQA/NEPA consultation, funding, etc.), their contact information if known, and estimated dates for resolution of any issues.

CEQA-Plus will be required. A NPDES General Construction Permit (administered by SWRCB) will be required. An amendment to Placer County Air Pollution Control District will be required.

Partnering Agencies

Please list all other agencies that have an interest in this project. Provide contact information if known.

Additional South Placer Wastewater Authority members:
 1. South Placer Municipal Utility District
 2. County of Placer

IV. ESTIMATED PROJECT CAPITAL COSTS AND FUNDING SUMMARY

Cost Classification	Total Project Costs	Other Funding	Requested Financing
A. Facilities Planning (a)	\$ _____	\$ _____	\$ _____
B. Facilities Design (a)	\$ <u>8,756,853.00</u>	\$ _____	\$ <u>8,756,853.00</u>
C. Construction Management (a)	\$ <u>8,900,830.00</u>	\$ _____	\$ <u>8,900,830.00</u>
D. Value Engineering (a)	\$ _____	\$ _____	\$ _____
E. Administration (a)	\$ <u>890,083.00</u>	\$ _____	\$ <u>890,083.00</u>
F. Facilities Construction Total	\$ <u>89,008,296.00</u>	\$ _____	\$ <u>89,008,296.00</u>
G. Contingency	\$ <u>8,900,830.00</u>	\$ _____	\$ <u>8,900,830.00</u>
H. Pre-Purchase Material/Equipment	\$ _____	\$ _____	\$ _____
I. Land and Right-of-Way	\$ _____	\$ _____	\$ _____
J. Other Costs	\$ <u>1,854,776.00</u>	\$ _____	\$ <u>1,854,776.00</u>
<i>Explain: Allowances Contingency</i>			
K. Total Project Costs	\$ <u>118,311,668.00</u>	\$ _____	\$ <u>118,311,668.00</u>
<i>(a) Soft costs may be provided for planning, design, value engineering, construction management, and administration costs.</i>			
Portion of the Total Project Costs that will serve existing facilities and/or existing communities			\$ <u>69,803,884.00</u>
Portion of the Total Project Costs that will serve new development			\$ <u>48,507,784.00</u>

V. TECHNICAL SPONSORSHIP

If the Division were to set up a technical sponsorship program, would you be interested in providing in-kind technical assistance to another CWSRF applicant in exchange for special financing? Note that checking "Yes" in no way obligates you to participate in this potential program or guarantees that this incentive will be available or offered.

Yes No

If Yes, please indicate the areas where you would be willing to provide assistance:

- Assistance in completing a funding application
- Assistance in writing a facilities plan/project report
- Assistance in developing a Capital Improvement Plan
- Assistance in conducting a water or energy audit
- Assistance in building Operations & Maintenance capacity
- Other: Specify _____

VI. SUSTAINABILITY

A project that supports or incorporates one or more of the following sustainability goals receives one priority point for each area addressed.


Label the requested documents as Attachment G1, G2, G3, etc.

<input type="checkbox"/>	The project supports infill development or results in the reuse or redevelopment of land in an area presently served by transit, streets, water, sewer and other essential services. G1 – Provide a map highlighting the infill or redevelopment areas.
<input type="checkbox"/>	The applicant maintains a Capital Improvement Plan, an Asset Management Plan, or has performed a full-cost pricing analysis, or the project incorporates climate change adaption. G2 – Provide copies or links to these plan or analysis.
<input checked="" type="checkbox"/>	The project protects environmental or agricultural resources such as farm, range and forest lands; wetlands and wildlife habitats; recreational lands such as parks, trails, and greenbelts; or landscapes with locally unique features or areas identified by the state as deserving special protection. G3 – Provide a map highlighting the areas that will be protected.
<input checked="" type="checkbox"/>	The project is cited in one or more regional environmental management plans. G4 – Provide copies or links to these plans.
<input checked="" type="checkbox"/>	The project incorporates wastewater or storm water/urban runoff recycling, water conservation, energy conservation, low impact development, or reduced use of other vital resources. G5 – Explain the reason for the energy savings and the expected energy savings.
<input checked="" type="checkbox"/>	The project uses low-impact treatment for lower lifecycle operating costs through reduced energy, chemical, or other inputs. G6 – Explain the reason(s) for the reduced operating costs.

CERTIFICATION AND SIGNATURE OF AUTHORIZED REPRESENTATIVE

To the best of my knowledge and belief, I certify that I am authorized to submit this application; the information provided in this application is true and correct; the documentation has been duly authorized by the governing body of the applicant; and the entity possesses the legal authority to apply for the financing and enter into a financing agreement with the State Water Resources Control Board and to finance and construct the proposed facilities.

Name of Authorized Representative: Kenneth Glotzbach Title: Wastewater Utility Manager

Signature of Authorized Representative:  Date: 2-5-17

HOW DID YOU HEAR ABOUT THE CWSRF PROGRAM?

- California Financing Coordinating Committee (CFCC) Funding Fair Colleague State Water Board Letter
- Conference/Trade Show/Workshop (Specify): _____ Employer/Employee
- Consultant Internet Publication Other (Specify): _____

EXHIBIT B

**Approval of Reimbursement Agreement with the City of Roseville in Connection with
Clean Water State Revolving Fund (SRF) Funding**

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2017-10

**APPROVAL OF REIMBURSEMENT AGREEMENT WITH THE CITY OF
ROSEVILLE IN CONNECTION WITH
CLEAN WATER STATE REVOLVING FUND (SRF) FUNDING**

WHEREAS, the City of Roseville (the "City"), together with the County of Placer (the "County") and the South Placer Municipal Utility District (the "District," and collectively the "Participants"), have formed a joint powers agency, known as the South Placer Wastewater Authority (the "Authority") for the purpose of jointly financing the Pleasant Grove Wastewater Treatment Plant, improvements to the Dry Creek Wastewater Treatment Plant, and other Related Regional Infrastructure (as defined in that certain Amended and Restated Funding Agreement relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012, among the Authority and the Participants), including to issue bonds and obtain other financing for such purpose; and

WHEREAS, the Authority intends to issue bonds and apply for Clean Water State Revolving Fund funding (the "SRF Funding") in connection with its Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project (the "Project"); and

WHEREAS, the City proposes to obtain said SRF funding on behalf of the Authority;

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

Section 1. SRF Funding through the City of Roseville. The Board hereby approves the City of Roseville's application for SRF funding on behalf of the Authority in the maximum principal amount of \$118,311,668.

Section 2. Reimbursement Agreement with the City of Roseville. The Board hereby authorizes the Executive Director or his designee, on behalf of the Authority, to execute and deliver an agreement with the City to reimburse the City for all sums expended in connection with the SRF Funding. Said agreement shall be in a form approved by the Executive Director and the Authority's general counsel.

Section 3. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.


* * * * *

PASSED AND ADOPTED this 17th day of August, 2017, by the following vote:

AYES: Allard, Duran, Gore, Mitchell, Weygandt


NOES: —

ABSENT: —



Chairperson

ATTEST:



Secretary

EXHIBIT C

Reimbursement Resolution

[Faint, large watermark text reading "DRAFT" is visible across the page.]

RESOLUTION NO. 17-427

APPROVING A REIMBURSEMENT RESOLUTION
AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE
CITY OF ROSEVILLE

WHEREAS, the City of Roseville ("City") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure ("Project"); and

WHEREAS, the City intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes ("Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the City desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the City; and

WHEREAS, the City has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE CITY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The City hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$ 118,311,668.00.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the City will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each City expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, the City is not aware of the previous adoption of official intents by the City that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the City in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said reimbursement resolution is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville; and

PASSED AND ADOPTED by the Council of the City of Roseville this 4th day of October, 2017, by the following vote on roll call:

AYES COUNCILMEMBERS: Gore, Alvord, Herman, Allard, Rohan

NOES COUNCILMEMBERS: None

ABSENT COUNCILMEMBERS: None



MAYOR

ATTEST:


City Clerk

The foregoing instrument is a correct copy of the original on file in this office.

ATTEST:
City Clerk of the City of Roseville, California

DEPUTY CLERK

EXHIBIT D
Authorizing Resolution

DRAFT

AUTHORIZING RESOLUTION/ORDINANCE

WHEREAS the City of Roseville (City), Placer County and South Placer Municipal Utility District (South Placer Wastewater Authority Partners, SPWA Partners) have formed a Joint Powers Authority (JPA) between the Partners (Resolution No 12-313).

WHEREAS the City of Roseville, at the request and on behalf of the SPWA Partners JPA, is the applicant for the CWSRF Program Loan in connection with its Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project 8215-110 (the "Project");

WHEREAS this request has been approved by the Roseville City Council under Resolution #

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE (the "City"), AS FOLLOWS:

The Roseville City Manager (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the City, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project 8215-110 (the "Project").

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

The Authorized Representative, or his/her designee, is designated to represent the City in carrying out the City's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the City and compliance with applicable state and federal laws.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the City Council held on _____.

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

EXHIBIT E

Pledged Revenues and Fund(s) Resolution

DRAFT

PLEGGED REVENUES AND FUND(S) RESOLUTION

WHEREAS the City of Roseville (City), Placer County and South Placer Municipal Utility District (South Placer Wastewater Authority Partners, SPWA Partners) have formed a Joint Powers Authority (JPA) between the Partners (Resolution No 12-313).

WHEREAS the City of Roseville, at the request and on behalf of the SPWA Partners JPA is the applicant for the CWSRF Program Loan and whereas this request has been approved by the Roseville City Council under Resolution #

WHEREAS the City of Roseville collects revenues from new customers connecting to the City's wastewater system and from rate payers within the City's service area for on-going wastewater treatment and collection services provided, into the Environmental Utilities Enterprise Funds.

WHEREAS the City of Roseville intends to utilize the Environmental Utilities Wastewater Enterprise Funds to fund (in part) the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project (the "Project")

THEREFORE BE IT RESOLVED, the City of Roseville (the "Entity") hereby dedicates and pledges Environmental Utilities Wastewater Enterprise Fund

to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Pleasant Grove Wastewater Treatment Plant and Energy Recovery Project 8215-110 (the "Project"). The Entity commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the Entity has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding, the Entity's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the Entity commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s).

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the City Council _____ held on _____ (Date).

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

EXHIBIT F

**Contingent Authorizing Resolution in Connection with Clean Water State Revolving
Fund (SRF) Funding**

SOUTH PLACER WASTEWATER AUTHORITY
RESOLUTION NO. 2017-14
CONTINGENT AUTHORIZING RESOLUTION
IN CONNECTION WITH
CLEAN WATER STATE REVOLVING FUND (SRF) FUNDING

WHEREAS, the City of Roseville (the "City"), together with the County of Placer (the "County") and the South Placer Municipal Utility District (the "District," and collectively the "Participants"), have formed a joint powers agency, known as the South Placer Wastewater Authority (the "Authority") for the purpose of jointly financing the Pleasant Grove Wastewater Treatment Plant, improvements to the Dry Creek Wastewater Treatment Plant, and other Related Regional Infrastructure (as defined in that certain Amended and Restated Funding Agreement relating to the South Placer Regional Wastewater Facilities, dated as of October 1, 2012, among the Authority and the Participants), including to issue bonds and obtain other financing for such purpose; and

WHEREAS, the Authority intends to issue bonds and apply for Clean Water State Revolving Fund funding (the "SRF Funding") in connection with its Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project 8215-110 (the "Project"); and

WHEREAS, the Board has previously approved the California State Water Quality Control Board's Reimbursement Resolution, Authorizing Resolution, and Pledged Revenues and Fund Resolution (collectively, the "SRF Funding Resolutions"), whereby the Authority may apply for SRF Funding for the Project; and

WHEREAS, the City proposes to obtain said SRF funding on behalf of the Authority;

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

Section 1. Contingent Authorization to Obtain SRF Funding on Behalf of the Authority. If the City of Roseville does not obtain SRF Funding on behalf of the Authority for any reason, the Board hereby authorizes the Executive Director or his designee, on behalf of the Authority, to deliver the SRF Funding Resolutions to the California State Water Quality Control Board, and to execute and deliver any and all agreements, and take any and all other actions, which he may deem necessary or advisable to obtain SRF Funding directly for the Authority.

Section 3. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

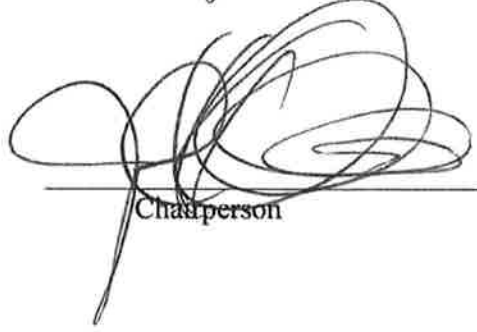
* * * * *

PASSED AND ADOPTED this 17th day of August, 2017, by the following vote:

AYES: Allard, Duran, Gore, Mitchell, Weygant

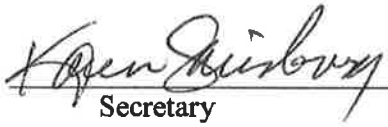
NOES: —

ABSENT: —



Chairperson

ATTEST:



Secretary

EXHIBIT G

**Amended and Restated Funding Agreement Relating to the South Placer Regional
Wastewater Facilities**

**AMENDED AND RESTATED
FUNDING AGREEMENT
RELATING TO THE
SOUTH PLACER REGIONAL WASTEWATER FACILITIES**

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**AMENDED AND RESTATED
FUNDING AGREEMENT
RELATING TO THE
SOUTH PLACER REGIONAL WASTEWATER FACILITIES**

THIS AMENDED AND RESTATED FUNDING AGREEMENT (the "Agreement") is made effective as of the 1st day of October, 2012, by and among the **SOUTH PLACER WASTEWATER AUTHORITY**, a joint powers agency ("Authority"), the **CITY OF ROSEVILLE**, a charter city duly organized and existing under the laws of the State of California (the "City"), the **SOUTH PLACER MUNICIPAL UTILITY DISTRICT**, a municipal utility district duly organized and existing under the laws of the State of California (the "District"), and the **COUNTY OF PLACER**, a political subdivision duly organized and existing under the laws of the State of California (the "County").

RECITALS

- A. WHEREAS, effective October 1, 2000, the parties hereto entered into that certain "Joint Exercise of Powers Agreement for the South Placer Wastewater Authority" (the "JPA Agreement"), which JPA Agreement created the Authority; and
- B. WHEREAS, effective October 1, 2000, the parties hereto entered into the first Funding Agreement Relating to the South Placer Wastewater Facilities (the "Original Funding Agreement"), which Original Funding Agreement provided for (1) the capital funding necessary for the planning, permitting, design, acquisition, and construction of Regional Wastewater Facilities, and (2) the parties' respective rights to use Regional Wastewater Facilities; and
- C. WHEREAS, the parties hereto desire to amend and restate the Original Funding Agreement to memorialize, among other things, (i) the reallocation of the parties' Proportionate Shares, (ii) the modification of provisions concerning future capacity usage, and (iii) the City's assumption of responsibility for the reclaimed/recycled water infrastructure. The parties intend that this Agreement shall supersede and replace the Original Funding Agreement, and that this Agreement, the JPA Agreement and the Operations Agreement (defined below), shall supersede and replace the Other Superseded Agreements (defined below), except for Sections 5 through 13 of the Settlement Agreement (defined below).

AGREEMENT

NOW THEREFORE, the parties hereto agree as follows:

1. **Definitions.** Words and phrases used in this Agreement shall have the following meanings:

2011 Bonds means the following Authority bonds issued in 2011: (i) South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2011A (Variable Rate Demand Bonds); (ii) South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2011B (Variable Rate Demand Bonds); (iii) South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2011C; and (iv) South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2011D (SIFMA Index Bonds).

2011 Bond Debt Service means Debt Service due on the 2011 Bonds.

2011 Bond Documents means the Indenture, this Agreement, the Official Statement and other ancillary documents relating to credit enhancement, liquidity, and other matters relating to the 2011 Bonds, including the purchase of the 2011 Bonds.

Aggregate Rate Stabilization Fund Draw means, for any Computation Period, the amount actually withdrawn from the Rate Stabilization Fund to pay Debt Service during such Computation Period.

Authority is defined in the preamble.

Available Local Connection Fees means Local Connection Fees that may be used to pay Debt Service. A Participant assessing Local Connection Fees shall, on a case-by-case basis, determine whether such Local Connection Fees are so usable.

Average Dry Weather Flow means the average daily wastewater flow into the Regional Wastewater Facilities, measured from July 1st through September 30th of each year.

Bond Documents means the 2011 Bond Documents and any Parity Bonds Instrument(s).

Bond Redemptions means funds sent by the Authority to the Trustee accompanied by irrevocable instructions to the Trustee that such funds are to be applied to the redemption of Bonds in accordance with the optional redemption provisions of the Indenture and any Parity Bonds Instrument.

Bonds means, collectively, the 2011 Bonds and any Parity Bonds, issued and at any time outstanding under the Indenture or any Parity Bonds Instrument, respectively.

Capital Costs means both direct and incidental costs of the planning, permitting, design, acquisition and construction of Regional Wastewater Facilities, including, without limitation, the following: (a) site acquisition, including, without limitation, administration, surveys, appraisals,

legal fees, costs of litigation, and title insurance; (b) engineering costs, including, without limitation, administration, investigation, tests, design, survey, construction supervision, and inspection; (c) construction costs, including, without limitation, Bond interest during construction; (d) preliminary project costs paid, and advance payments made, by the City, the County, or the District; (e) Debt Service and issuance costs on Bonds; (f) reserve requirements for Bonds; (g) capital reserve requirements relating to Regional Wastewater Facilities; and (h) administrative costs, including, without limitation, legal fees, consultant fees, and costs of Participant personnel working on the acquisition and construction of Regional Wastewater Facilities.

City is defined in the preamble.

Computation Period means a Fiscal Year, unless another period of time is required by any applicable Bond Document.

County is defined in the preamble.

Debt Service means, for any Computation Period, the sum of (a) the interest accruing on all Bonds during such Computation Period, assuming that all Bonds are retired as scheduled, plus (b) the principal amount (including principal due as sinking fund installment payments) allocable to all Bonds in such Computation Period, calculated as if such principal amounts were deemed to accrue daily during such Computation Period in equal amounts from, in each case, each payment date for principal or the date of delivery of such Bonds (provided that principal shall not be deemed to accrue for greater than a 365-day period prior to any payment date), as the case may be, to the next succeeding payment date for principal; provided, that the following adjustments shall be made to the foregoing amounts in the calculation of Debt Service:

(1) with respect to any such Bonds bearing or comprising interest at other than a fixed interest rate, the rate of interest used to calculate Debt Service shall be (A) with respect to such Bonds then outstanding, one hundred ten percent (110%) of the greater of (I) the daily average interest rate on such Bonds during the twelve (12) calendar months next preceding the date of such calculation (or the portion of the then current Computation Period that such Bonds have borne interest) or (II) the most recent effective interest rate on such Bonds prior to the date of such calculation and (B) with respect to such Bonds then proposed to be issued, the average of the Revenue Bond Index published in *The Bond Buyer* over the prior 12 months, or a comparable index if the Revenue Bond Index is no longer published;

(2) with respect to any such Bonds having twenty percent (20%) or more of the aggregate principal amount thereof due in any one Computation Period, Debt Service shall be calculated for the Computation Period of determination as if the interest on and principal of such Bonds were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of such Bonds; provided, however, that the full amount of such Bonds shall be included in Debt

Service if the date of calculation is within 24 months of the actual maturity of the payment;

(3) with respect to any such Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or portions thereof, such accreted discount shall be treated as due when scheduled to be paid;

(4) Debt Service shall not include interest on Bonds which is to be paid from amounts constituting capitalized interest; and

(5) if an interest rate swap agreement is in effect with respect to, and is payable on a parity with, any Bonds to which it relates, no amounts payable under such interest rate swap in excess of debt service payable under such Parity Bonds Instrument shall be included in the calculation of Debt Service unless the sum of (A) the interest payable on such Bonds, plus (B) the amounts payable by the Authority or the Participant under such interest rate swap agreement, less (C) the amounts receivable by the Authority or the Participant under such interest rate swap agreement, are greater than the interest payable on such Bonds, in which case the amount of such payments to be made that exceed the interest to be paid on such Bonds shall be included in such calculation, and for this purpose, the variable amount under any such interest rate swap agreement shall be determined in accordance with the procedure set forth in Subsection (1) of this definition.

Debt Service Fund means the fund of that name created under the Indenture, or an equivalent fund created under any Parity Bonds Instrument, as applicable.

District is defined in the preamble.

Dry Creek Plant means the regional wastewater treatment plant owned and operated by the City for the mutual benefit of the Participants and known as the "Dry Creek Wastewater Treatment Plant."

EDU's means "equivalent dwelling units," which is the measure by which City, District, and County calculate their Regional Connection Fees. The Participants shall coordinate the definition of EDU's in their respective codes and ordinances, such that Regional Connection Fees collected are equivalent as regards land use types, size, and density of structures.

Enterprise Fund means, (a) as to the City, the Operational and Rehabilitation Funds maintained by the City; (b) as to the County, the following funds maintained by the County: (1) Sewer Maintenance District No. 2, Fund 503, Subfund 2; and (2) CSA 28, Zone 2A3, Sunset Sewer, Fund 502, Subfund 2; (c) CSA 28, Zone 173, Dry Creek, Fund 502, Subfund 55; and (d) as to the District, the Enterprise Fund maintained by the District.

Event of Default means:

(a) Default in the due and punctual payment of any amounts required to be paid hereunder by a party hereto, when and as the same shall become due and payable; or

(b) Default by a party in the observance of any other covenants, agreements or conditions on its part in this Agreement, or in any Bond Document, and such default shall have continued for a period of thirty (30) days after that party shall have been given notice in writing of such default by the Trustee, or any other party hereto; provided, however, that if any such default is not reasonably curable within such thirty (30) day period, the applicable party shall not be deemed to be in default if such party commences to cure the default within such thirty (30) day period and diligently pursues such cure to completion.

Fiscal Year means the period of time beginning on July 1st of any year and ending on June 30th of the following year, or any other twelve (12) month period agreed to in writing by all of the Participants.

Indenture means, collectively and individually, the Wastewater Revenue Bond Indenture, and the First, Second, Third and Fourth Supplemental Wastewater Revenue Bond Indentures, each dated as of April 1, 2011, between the Authority and the Trustee, under which the 2011 Bonds were issued.

Individual Rate Stabilization Fund Draw means, as to each Participant, for any Computation Period, the amount actually withdrawn from the account created for such Participant in the Rate Stabilization Fund to pay such Participant's Proportionate Share of Debt Service during such Computation Period.

Interest Payment Date means any date on which interest is payable on the 2011 Bonds under the terms of the Indenture and any Parity Bonds Instrument.

JPA Agreement is defined in Recital A.

Local Connection Fees means connection fees imposed and collected by a Participant, pursuant to the applicable provisions of the Roseville Municipal Code, District ordinances, or County ordinances, as applicable, for the purpose of funding expansions or modifications of, and/or improvements to, the Participant's System.

MGD means millions of gallons per day.

Minimum Level means, when used to describe the amount contained in the Rate Stabilization Fund, an amount equal to the lesser of: (a) Debt Service due in the two (2) Fiscal Years occurring immediately after the calculation is made, and (b) the amount required to redeem or retire all Bonds.

Operations Agreement means that certain Agreement Regarding the Operation and Use of the South Placer Regional Wastewater Facilities made by and among the Authority and the Participants of even date herewith, as amended by the Amended and Restated Agreement Regarding the Operation and Use of the South Placer Regional Wastewater Facilities dated of even date herewith.

Other Superseded Agreements means, collectively, the following agreements between the parties and/or their predecessors: (i) Agreement Relating to the Construction and Operation of a Regional Sewage Treatment Plant between the City and Rocklin-Loomis Municipal Utility District (the District's predecessor), dated as of July 5, 1973, and amended on October 15, 1975, June 17, 1981, and May 6, 1987 (collectively, the "Dry Creek Agreements"); (ii) Agreement for Sewer Services Regarding Placer County Sewer Maintenance District No. 2; Placer County Service Area No. 28, Zone 2, A-3; Placer County Service Area No. 28, Zone 55; and the Dry Creek-West Placer Community Plan Area between the City and the County, dated January 17, 1996 (the "Roseville/Placer County Agreement"); (iii) Preliminary Agreement Between and Among the City of Roseville, the South Placer Municipal Utility District and the County of Placer Regarding the Pleasant Grove Wastewater Treatment Plant, between the City and the County, dated May 19, 1998, and a separate agreement between the City and the District bearing the same title and containing substantially the same provisions, dated October 21, 1998 (collectively, the "Preliminary Agreement"); and (iv) the Settlement Agreement among the City, the County and the District, in settlement of the litigation entitled *City of Roseville vs. South Placer Municipal Utility District*, Sacramento County Superior Court Case No. 98AS02099 (the "Settlement Agreement").

Parity Bonds means all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements) of the Authority, the proceeds of which are applied to the acquisition and construction of Regional Wastewater Facilities, payable from and secured by a pledge of and lien upon any of the Participant Net Revenues, and issued or incurred pursuant to the Indenture.

Parity Bonds Instrument means the resolution, trust indenture or installment sale agreement adopted, entered into or executed and delivered by the Authority, and under which Parity Bonds are issued.

Participant means, individually, the City, the County, or the District. Participants means, collectively, the City, the County and the District.

Participant Gross Revenues means, for any Computation Period, all amounts received for, arising from, and all other income and revenues derived by a Participant from, the ownership or operation of such Participant's System and such Participant's use of Regional Wastewater Facilities, excluding Regional Connection Fees and Local Connection Fees other than Available Local Connection Fees.

Participant Net Revenues means, with respect to each Participant, such Participant's Gross Revenues less such Participant's Operation and Maintenance Costs, for any Computation Period.

Participant Operation and Maintenance Costs or Participant's Operation and Maintenance Costs means, for any given period, the reasonable and necessary costs (both direct and incidental) of operating and maintaining the facilities which comprise a Participant's System during such period, as well as the Participant's share of Regional Operation and Maintenance Costs, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve such facilities in good repair and working order, and reasonable amounts for administration, overhead, insurance, taxes (if any), labor, materials, water, electricity, natural gas, chemicals, employee bonds, vehicles, communications equipment, preventive maintenance, sludge disposal, environmental remediation, engineering services, analytical testing services, rents, right-of-way charges, recycled water operations costs, legal judgments and assessments, other support services, and other similar costs, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor, debt service and amortization of intangibles or other book-keeping entries of a similar nature.

Participant Parity Obligations means, as to each Participant, all bonds, notes or other obligations (including without limitation long-term contracts, loans, sub-leases or other legal financing arrangements), payable from Participant Net Revenues on a parity with the Participant's obligation to pay its Proportionate Share of Debt Service.

Participant System or Participant's System means, as to each Participant, the facilities of such Participant (excluding Regional Wastewater Facilities, if any, owned by such Participant) for the collection, transmission and disposal of wastewater to or through the Regional Wastewater Facilities, together with necessary pipes, pumps, valves and machinery and lands, easements and rights of way therefor; and other works, properties or structures necessary or convenient for the collection, transmission and disposal of wastewater, including all additions, betterments, extensions and improvements to such facilities or any part thereof.

Paying Participant is defined in Subsection 9.f(3).

Phase I Capacity means the wastewater treatment capacity actually provided by the first phase of the Pleasant Grove Plant (9.5 MGD). On the date the Pleasant Grove Plant begins wastewater treatment operations, the Participants' usage of Phase I Capacity shall be zero, notwithstanding the diversion of wastewater from the Dry Creek Plant, as set forth below. From and after that date, all increases in the Participants' usage of the wastewater treatment capacity of the Regional Wastewater Facilities shall be deemed to be usage of Phase I Capacity, until the entire amount of Phase I Capacity is used.

Pleasant Grove Plant means the regional wastewater treatment plant owned and operated by the City for the mutual benefit of the Participants and known as the "Pleasant Grove Wastewater Treatment Plant."

Proportionate Share means the percentage allocations among the Participants determined in accordance with Section 12.

Proportional Volumetric Share means the proportion of total yearly wastewater volume entering the Regional Wastewater Facilities that is attributable to the City, the District or the County, as applicable. The City shall determine, using information supplied by all Participants, the total yearly wastewater volume and each Participant's Proportional Volumetric Share on a Fiscal Year basis.

Rate Covenant Debt Service means, as to each Participant, such Participant's Proportionate Share of Debt Service, less the sum of (a) such Participant's Individual Rate Stabilization Fund Draw, and (b) any amounts paid on behalf of such Participant pursuant to Section 9.f(3).

Rate Stabilization Fund means the fund into which all Regional Connection Fees are deposited. The Rate Stabilization Fund may be held by the City in trust for the benefit of the Authority, in which event references in this Agreement to payments made, or received, by the Authority, shall be deemed to refer to payments made, or received, by the City on the Authority's behalf.

Regional Connection Fees means the connection fees imposed and collected by the Participants, pursuant to the applicable provisions of the Roseville Municipal Code, District ordinances, and County ordinances, for the purpose of funding expansions or modifications of, and/or improvements to, Regional Wastewater Facilities. If any Participant contributes additional amounts pursuant to Subsection 10.c in lieu of enacting and enforcing the minimum Regional Connection Fee recommended by the Authority, such additional amounts shall be deemed to be Regional Connection Fees for purposes of this Agreement.

Regional Operation and Maintenance Costs means, for any given period, the reasonable and necessary costs (both direct and incidental) of operating and maintaining Regional Wastewater Facilities during such period, calculated on sound accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve Regional Wastewater Facilities in good repair and working order, and reasonable amounts for administration (including, without limitation, costs of administration of the Participants' industrial pretreatment programs by the City, but only to the extent such costs are not chargeable to significant industrial users pursuant to Roseville Municipal Code Chapter 14.26), overhead, insurance, taxes (if any), labor, materials, water, electricity, natural gas, chemicals, employee bonds, vehicles, communications equipment, improvements, replacements and rehabilitations, preventive maintenance, sludge disposal, environmental remediation, engineering services, analytical testing services, rents, right-of-way charges, legal judgments and assessments (including, without limitation, enforcement actions of the California Regional Water Quality Control Board), and other similar costs. Credit items, such as all salvage value of Regional Wastewater Facilities, and revenue from the sale of sludge or

other products, except for reclaimed and recycled water, shall be credited first to Regional Operation and Maintenance Costs and then to each of the Participants based on their Proportional Volumetric Share.

Regional Wastewater Facilities means the Pleasant Grove Plant, the Dry Creek Plant, any other regional treatment plants constructed by the Authority or any of the Participants in the future to facilitate wastewater collection, conveyance, treatment, recycling, discharge, and disposal services collectively to all of the Participants, and all Related Regional Infrastructure.

Related Regional Infrastructure shall mean trunk sewers, interceptor lines, force mains, pump stations, and all other wastewater infrastructure, constructed in conjunction with the Pleasant Grove Plant, the Dry Creek Plant, and/or other regional wastewater treatment plants constructed in the future, as appropriate and necessary to facilitate wastewater collection, conveyance, treatment, recycling, discharge, and disposal services collectively to all of the Participants. "Related Regional Infrastructure" shall not include trunk sewers, interceptor lines, force mains, pump stations, or any other wastewater infrastructure that (a) facilitate such services to only one or two of the Participants, or (b) are otherwise covered by other agreements providing for the apportionment of construction, operation and maintenance costs therefor, except for the agreements that are expressly superseded by this Agreement and the Operations Agreement.

Reserve Account means the account of that name created under the Indenture, or an equivalent account created under any Parity Bonds Instrument, as applicable.

Reserve Requirement has the meaning given thereto in the Indenture, or any Parity Bonds Instrument, as applicable.

Sub-Minimum Level means, for each Participant, an amount equal to the product of the Minimum Level multiplied by such Participant's Proportionate Share.

Trustee means the Bank of New York Mellon Trust Company, N.A., which was appointed as Trustee under the Indenture, and any successor thereto. The term "Trustee" shall also mean trustee(s) under any Parity Bonds Instrument(s), as applicable.

Underfunded Participant is defined in Subsection 9.f(3).

User Charges means rates, fees and charges levied against customers for use of a Participant's System and the Regional Wastewater Facilities, exclusive of Regional Connection Fees and Local Connection Fees.

2. Purpose and Intent of Agreement.

a. The purpose and intent of this Agreement is to (1) allocate Capital Costs; (2) allocate the Participants' individual financial responsibility for payment of Debt Service; (3) allocate the Participants' use of the wastewater treatment capacity of the Regional Wastewater

Facilities, and (4) provide assurance to the purchasers of Bonds regarding the availability of Participant Net Revenues for the payment of Debt Service.

b. The Participants further intend that, notwithstanding short-term variances in their respective contributions of Regional Connection Fees or other funds, their total respective financial contributions to Capital Costs (whether financed by Bonds, funded by Regional Connection Fees, or otherwise) shall, ultimately, be directly proportional to their respective actual usage of the wastewater treatment capacity made available by the construction of Regional Wastewater Facilities. The specific provisions of this Agreement shall be interpreted to give effect to the foregoing sentence.

3. **Term and Termination.** This Agreement shall be effective as of the date first above written and shall remain in effect (a) for the full useful life of any and all Regional Wastewater Facilities, or (b) until such time as no Bonds remain outstanding, whichever is later. The expiration or sooner termination of the JPA Agreement shall not cause this Agreement to expire or terminate.

4. **Responsibilities of the City of Roseville.**

a. The City shall be responsible for the planning, permitting (including all necessary environmental compliance), design, acquisition, and construction of Regional Wastewater Facilities on behalf of the Participants. The City shall be entitled to be reimbursed from Bond proceeds, monies in the Rate Stabilization Fund, and any other available funds of the Authority, for Capital Costs incurred by the City; provided, however, that nothing in this Agreement shall be construed as a legal commitment by the Authority to reimburse or fund Capital Costs for any project unless and until the Authority has determined that all necessary environmental reviews therefor have been completed. This Agreement is not intended to, and shall not, predetermine the outcome of any such necessary environmental reviews.

b. The City shall operate and maintain the Regional Wastewater Facilities for the mutual benefit of the City, District, and County, so long as the District and County pay to the City their proportionate shares of the amounts required to be paid under this Agreement and the Operations Agreement. The City shall be entitled to be reimbursed by the District and the County for their proportionate share of Regional Operation and Maintenance Costs (as determined pursuant to the terms of the Operations Agreement). Following the termination of the Joint Powers Agreement, (1) all amounts to be paid to the Authority hereunder shall be paid to the City, and (2) all determinations to be made, and other actions to be taken, by the Authority hereunder, shall be made and taken by the City in a manner consistent with City's duty to operate and maintain the Regional Wastewater Facilities for the mutual benefit of all of the Participants.

5. **Capacity Usage.** Each Participant may use wastewater treatment plant capacity up to the maximum percentage of allocated treatment capacity set forth in the attached table:

WWTP Treatment Capacity Allocation Average Dry Weather Flow Million Gallons per Day				
	Treatment Capacity Usage June 2010	Remaining Treatment Plant Capacity	Allocated Treatment Capacity*	Percentage of Total Treatment Capacity
City	9.94	2.72	12.66	60.29%
District	4.34	1.07	5.41	25.76%
County	2.06	0.87	2.93	13.95%
Total	16.34	4.66	21.00	100.00%

* The allocated treatment capacity expressed in millions of gallons per day is based on the combined rated treatment capacity of the Pleasant Grove Plant and Dry Creek Plant as of the date of this Agreement (21.00 MGD). If a rerating is proposed for either wastewater treatment plant, the parties will meet and confer concerning the proposed rerating. If the rated treatment capacity changes for either wastewater treatment plant, the Participants will meet and confer concerning the appropriate wastewater treatment capacity allocation for each Participant. If both wastewater treatment plants are re-rated proportionately, the allocated treatment capacity expressed in millions of gallons per day automatically will be adjusted proportionately to the percentage of total treatment capacity allocated to each Participant above.

The Participants acknowledge and agree that the as-built ultraviolet disinfection capacity for the Regional Wastewater Facilities exceeds the total wastewater treatment capacity as of the date of this Agreement. The Participants further acknowledge and agree that, by payment of their Proportionate Shares under this Agreement, they will have paid for the ultraviolet disinfection capacity as shown in the table below and that such payment shall be taken into account when determining the Proportionate Shares for any future expansion of the Regional Wastewater Facilities.

Ultra Violet Disinfection Capacity Pleasant Grove and Dry Creek WWTPs					
	Pre 2000 (mgd)	2000 to 2010 (mgd)	Through Plant Utilization (mgd)	Remaining UV Capacity (mgd)	Total UV Capacity (mgd)
City	4.72	5.22	2.75	3.76	16.45
District	2.57	1.77	0.60	3.41	8.35
County	1.14	0.92	1.08	5.05	8.19
Total	8.43	7.91	4.43	12.22	32.99

- a. No Participant may exceed its maximum treatment capacity allocation absent a prior written agreement among the affected Participants reallocating both their existing maximum allocated capacity and Proportionate Shares, pursuant to

Section 12.

- b. Notwithstanding the foregoing, if (i) the capacity usage of any Participant (the "Requesting Participant") reaches 95% of such Participant's allocated capacity, and (ii) one or more other Participants are using less than 80% of their respective allocated capacities, and (iii) negotiations between the Requesting Participant and the other Participant(s) have failed to reach agreement after a reasonable time, the Requesting Participant may give a written request to the Authority to reallocate capacity as follows:
- (1) The Authority shall first take capacity from the Participant using the smallest portion of its allocated capacity.
 - (2) The Authority shall transfer capacity to the Requesting Participant in the lesser of the following two amounts: (i) the amount requested by the Requesting Participant, or (ii) an amount that would cause the other Participant(s) to have remaining an equal percentage of its allocated capacity as the Requesting Participant.
 - (3) The affected Participants' Proportionate Shares will be reallocated pursuant to the provisions of Section 12.
- c. No capacity reallocation pursuant to the provisions of this Section 5, or associated Proportionate Share reallocation pursuant to the provisions of Section 12, shall require an amendment to this Agreement. If two affected Participants reach agreement pursuant to Section 5.a, said Participants shall give written notice of the reallocation to the Authority and the other Participant. If the Authority reallocates capacity and Proportionate Shares pursuant to Section 5.b, the Authority shall give written notice of the reallocation to all Participants.

6. Issuance of Bonds by the Authority; Bond Provisions. The Authority shall be responsible for issuing Bonds. The Authority shall use Bond proceeds and Regional Connection Fees on deposit in the Rate Stabilization Fund, and any other available funds of the Authority, to pay Capital Costs. Each Participant agrees to take all necessary and required actions to enable the Authority to obtain all necessary authorizations and rights, and to do all things necessary and convenient, in connection with issuing Bonds and delegating the responsibility for planning, permitting, environmental compliance, designing, acquiring, constructing, operating, and maintaining the Regional Wastewater Facilities to the City and, to that end, shall enter into such supplemental agreements as may be reasonably necessary to provide adequate security for the owners of Bonds and to effectuate the purposes of this Agreement.

The Participants, in order to provide adequate security for the payment of Bonds, each severally covenant, as to each such Participant, but not as to the other Participants, as set forth in Sections 7, 8, 9, 10, 11, 12, and 13.

7. **Pledge and Application of Participant Net Revenues.**

a. **Pledge.** Each Participant hereby irrevocably pledges, charges and assigns to the Trustee, to assure the punctual payment of its Proportionate Share of Debt Service, all of its Participant Net Revenues and, except as otherwise may be permitted under the applicable Bond Documents, the Participant Net Revenues shall not be used for any other purpose so long as any of its Proportionate Share of Debt Service remains unpaid. Such pledge, charge and assignment shall constitute a senior lien on the Participant Net Revenues for the payment of the Proportionate Share of Debt Service in accordance with the terms hereof. To the extent a Participant's Proportionate Share of Debt Service is not paid in full from the Aggregate Rate Stabilization Fund Draw prior to any Interest Payment Date, such Participant shall, on or before such Interest Payment Date, make a payment directly to the Trustee for deposit to the Debt Service Fund from its Participant Net Revenues to make up such deficiency.

b. **Deposit of Participant Gross Revenues Into Enterprise Funds; Transfers to Make Payments.**

(1) Each Participant shall deposit its Participant Gross Revenues immediately upon receipt, in its Enterprise Fund. Each Participant shall pay out of Participant Gross Revenues the Participant Operation and Maintenance Costs.

(2) Each Participant covenants and agrees that all Participant Net Revenues shall be held by such Participant in such Participant's Enterprise Fund in trust for the benefit of the Trustee and the owners of Bonds. In addition to the payment of such Participant's Proportionate Share of Debt Service to the extent provided for in Subsection 7.a, if the balance of the Reserve Account falls below the Reserve Requirement by reason of the loss of value of investments then on hand in the Reserve Account, Participant Net Revenues shall be applied to pay the amount of such Participant's Proportionate Share of such deficiency in the Reserve Account, the notice of which deficiency shall have been given by the Trustee to the Authority pursuant to the Indenture or any Parity Bonds Instrument. Upon receipt of any such notice, the Authority shall forward copies of such notice to the Participants.

c. **Other Uses of Participant Net Revenues Permitted.** The Participants shall manage, conserve, and apply the Participant Net Revenues on deposit in their respective Enterprise Funds in such a manner that all deposits required to be made pursuant to the preceding Subsection 7.b shall be made at the times and in the amounts so required. Subject to the foregoing sentence, each Participant may use and apply monies in its Enterprise Fund for any other lawful purposes, so long as no Event of Default shall have occurred and be continuing with respect to that Participant's obligations hereunder.

d. **Budget and Appropriation of Proportionate Share of Debt Service.** During the term of this Agreement, for each current Fiscal Year, each Participant shall adopt all necessary budgets and make all necessary appropriations of Rate Covenant Debt Service, from Participant

Net Revenues, and shall furnish to the Trustee a certificate stating that the amount of Rate Covenant Debt Service to be paid from Participant Net Revenues has been included in the final budget of such Participant for such current Fiscal Year. Such certificate for any Fiscal Year shall be filed with the Trustee not later than September 1 in such Fiscal Year. If any Rate Covenant Debt Service payment requires the adoption by a Participant of any supplemental budget or appropriation, such Participant shall promptly adopt the same. The covenants on the part of each Participant contained in this Subsection 7.d shall be deemed to be, and shall be construed to be, duties imposed by law and it shall be the duty of each and every public official of each Participant to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable such Participant to carry out and perform the covenants and agreements in this Subsection 7.d.

e. Payment of Ongoing Costs Associated With the Bonds. If the following items are not paid by the Authority, each Participant agrees that it will pay, from Participant Net Revenues, its Proportionate Share of ongoing costs associated with the Bonds, including but not limited to: fees and expenses of the Trustee, fees of the Remarketing Agent, and fees and expenses due to the Provider under the Standby Bond Purchase Agreement and Payment Agreement (as those terms are defined in the Indenture).

8. Rate Covenant.

a. Each Participant shall fix, prescribe, revise, and collect User Charges during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Participant Gross Revenues sufficient to pay the following amounts in the following order of priority:

- (1) All Participant Operation and Maintenance Costs estimated by such Participant to become due and payable in such Fiscal Year;
- (2) The Participant's Rate Covenant Debt Service and the amount due from the Participant on any Participant Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such Rate Covenant Debt Service or such interest on Participant Parity Obligations are payable from proceeds of Bonds or Participant Parity Obligations deposited for such purpose;
- (3) All amounts, if any, required to be contributed by such Participant to restore the balance in the Reserve Account to the full amount of the Reserve Requirement pursuant to Subsection 7.b(2); and
- (4) All payments required to meet any other obligations of such Participant which are charges, liens, encumbrances upon, or which are otherwise payable from, the Participant Net Revenues during such Fiscal Year.

b. In addition, each Participant shall fix, prescribe, revise, and collect User Charges

during each Fiscal Year which are sufficient to yield Participant Net Revenues at least equal to one hundred ten percent (110%) of Rate Covenant Debt Service.

9. Rate Stabilization Fund.

a. The Rate Stabilization Fund shall be established and maintained by the Authority, or by the City of Roseville on behalf of the Authority. The Rate Stabilization Fund shall be held as one fund, with three separate accounts therein (one for each Participant), all of which, collectively, shall constitute the Rate Stabilization Fund.

b. (1) Intentionally Omitted.

(2) Each Participant shall pay all Regional Connection Fees to the Authority for deposit into the Rate Stabilization Fund, and, except as otherwise expressly set forth in this Agreement, such deposits shall be credited to the account of the Participant making the deposit. If any Participant desires to increase the balance of its account in the Rate Stabilization Fund for any reason, such Participant may, in its sole and absolute discretion, also deposit other available monies into the Rate Stabilization Fund.

(3) Intentionally Omitted.

(4) Interest on monies in the Rate Stabilization Fund for any period shall be allocated to the Participants' accounts in the Rate Stabilization Fund based on their respective average balances during such period.

c. (1) The Rate Stabilization Fund shall be used to pay:

(A) Debt Service;

(B) Bond Redemptions;

(C) Capital Costs;

(D) Reimbursement to a Participant of funds, other than Regional Connection Fees, deposited by such Participant into the Debt Service Fund, the Reserve Account, and the Rate Stabilization Fund, except to the extent such reimbursement would cause the balance of such Participant's account within the Rate Stabilization Fund to fall below its Sub-Minimum Level;

(E) Administrative and other expenses incurred by the Authority, provided, however, that if expenditures from the Rate Stabilization Fund are restricted for any reason, such Authority expenses may be charged to the Participants as Regional Operation and Maintenance Costs under the Operations Agreement; and

(F) Any other legal expenditures.

(2) (A) Amounts withdrawn from the Rate Stabilization Fund to pay for Debt Service, Bond Redemptions, and other Capital Costs for Bond-financed projects, shall be charged to the Participants' accounts within the Rate Stabilization Fund according to their respective Proportionate Shares, unless the Participants otherwise agree in writing.

(B) Amounts withdrawn from the Rate Stabilization Fund as reimbursement to a Participant of funds other than Regional Connection Fees, deposited by such Participant into the Debt Service Fund, the Reserve Account, or the Rate Stabilization Fund, shall be charged to that Participant's account within the Rate Stabilization Fund.

(C) Amounts withdrawn from the Rate Stabilization Fund to pay for Capital Costs (except for Capital Costs included in Subsection (A), above), administrative and other expenses incurred by the Authority, and other legal expenditures, shall be charged to the Participants' accounts within the Rate Stabilization Fund as reasonably determined by the Authority in accordance with the principle set forth in Subsection 2.b.

d. The Authority shall, through the Regional Connection Fee recommendation process set forth in Subsection 10.c, attempt to maintain the Rate Stabilization Fund balance at or above the Minimum Level.

e. Draws on the Rate Stabilization Fund shall not cause the funds therein to fall below the Minimum Level, except as expressly hereinafter provided.

f. (1) So long as a draw on the Rate Stabilization Fund would not cause the balance therein to fall below the Minimum Level, the Rate Stabilization Fund shall be fully available to pay Debt Service and any other legal expenditures, regardless of the amount of funds contained in a particular Participant's account within the Rate Stabilization Fund.

(2) If a draw on the Rate Stabilization Fund would have the effect of causing the Rate Stabilization Fund balance to fall below the Minimum Level, and a draw on a Participant's account within the Rate Stabilization Fund would have the effect of causing the balance in such Participant's account within the Rate Stabilization Fund to fall below such Participant's Sub-Minimum Level, such draw on a Participant's account within the Rate Stabilization Fund shall be limited, in each Fiscal Year, to an amount equal to the sum of: (A) one-third of the lesser of (I) such Participant's Sub-Minimum Level, and (II) the amount then on hand in such Participant's account within the Rate Stabilization Fund; plus (B) the amount then on hand in such Participant's account within the Rate Stabilization Fund in excess of such Participant's Sub-Minimum Level.

(3) If a Participant's (the "Underfunded Participant's") account within the Rate Stabilization Fund is unable to pay all of its Proportionate Share of Debt Service, and the then-current draw on the Rate Stabilization Fund would not have the effect of causing the Rate

Stabilization Fund balance to fall below the Minimum Level, the other Participants' (the "Paying Participants'") accounts within the Rate Stabilization Fund shall pay the unpaid portion of the Underfunded Participant's Proportionate Share of Debt Service. Such unpaid portion of the Underfunded Participant's Proportionate Share of Debt Service shall be paid out of the Paying Participants' accounts within the Rate Stabilization Fund as follows:

(A) If there is only one (1) Underfunded Participant, the Paying Participants' accounts within the Rate Stabilization Fund shall cover the unpaid portion of the Underfunded Participant's Proportionate Share of Debt Service in proportion to the Paying Participants' relative Proportionate Shares.

(B) If there are two (2) Underfunded Participants, the remaining Paying Participant's account within the Rate Stabilization Fund shall cover the unpaid portion of both Underfunded Participants' Proportionate Shares of Debt Service.

(4) (A) The parties hereto intend that no Paying Participant should be required to raise its User Charges, or take any other action under Section 8, by reason of the payment of all, or a portion of, an Underfunded Participant's (or Participants') Proportionate Share(s) of Debt Service out of the Paying Participant's account within the Rate Stabilization Fund. Within thirty (30) days after receipt of a written request from the Authority or any Paying Participant, the Authority and the Participants shall meet and agree upon a repayment schedule for the Underfunded Participant(s) that will ensure that the parties' intent, as expressed in the foregoing sentence, is given effect; provided that, in any event, Regional Connection Fees deposited in the Rate Stabilization Fund by an Underfunded Participant shall automatically be credited to the account(s) of the Paying Participant(s), up to the amount advanced by the Paying Participant(s), plus interest at the rate set forth below. If the parties are unable to agree on an appropriate repayment schedule, the matter may be referred to arbitration pursuant to Section 17. No Underfunded Participant shall be required to use funds other than Participant Net Revenues and Regional Connection Fees to make such payments to the Paying Participant's (or Participants') accounts within the Rate Stabilization Fund; provided, however, an Underfunded Participant may be required to use other funds available to such Underfunded Participant to repay any Regional Connection Fees deferred pursuant to Subsection 10.d(2). Payments by an Underfunded Participant pursuant to this Subsection 9.f(4) shall be subordinate to such Underfunded Participant's obligation to pay its Proportionate Share of Debt Service, as set forth in this Agreement.

(B) Except as provided in the following sentences, the interest rate applicable to amounts owed by an Underfunded Participant shall be equal to the interest earned by funds on hand in the Rate Stabilization Fund during the applicable period. Following a reallocation of the Participants' Proportionate Shares pursuant to the provisions of Section 12, any Underfunded Participant may submit a written request for interest rate modification to the Authority and the other Participants. Within thirty (30) days after receipt of such written request, the Authority and the Participants shall meet and agree upon an interest rate that is equitable, and that gives effect to the principle set forth in Section 2.b, in view of the then-current wastewater

capacity usage projections of the Participants. If the parties are unable to agree on an equitable interest rate, the matter may be referred to arbitration pursuant to Section 17.

g. For purposes of determining the sufficiency of amounts held in each Participant's account within the Rate Stabilization Fund, such Participant shall receive a credit for amounts held by the Trustee and attributable to such Participant to pay its Proportionate Share of Debt Service.

h. Within one hundred twenty (120) days after the end of each Fiscal Year, the Authority, or the City of Roseville on behalf of the Authority, shall contract for an independent audit of deposits to, and expenditures from, the Rate Stabilization Fund. The audit shall identify the amounts deposited by each Participant and the expenditures attributable to each Participant's account, and determine the balance of each Participant's account within the Rate Stabilization Fund. The annual audit shall be distributed to all Participants.

10. Regional Connection Fees.

a. It is the intent of the Participants that the Regional Connection Fees shall be sufficient (1) to pay all Debt Service, (2) to keep the Rate Stabilization Fund at or above the Minimum Level, (3) to provide monies for additional expansions or modifications of, or improvements to, Regional Wastewater Facilities, and (4) to meet state and federal regulatory requirements. Representatives of the parties shall meet annually in the month of May to confer on the following matters: (i) the sufficiency of the Regional Connection Fees to meet the foregoing objectives; (ii) new capital projects, if any; and (iii) the need for, and timing of, expansions to the wastewater treatment plants or other Regional Wastewater Facilities.

b. (1) Pursuant to the provisions of Subsection 9.c, those amounts in the Rate Stabilization Fund which exceed the amount necessary, in any Computation Period, to keep the Rate Stabilization Fund at or above the Minimum Level following an Aggregate Rate Stabilization Fund Draw, may also be used by the Authority to fund other expansions or modifications of, or improvements to, Regional Wastewater Facilities, subject to the prior written approval of the Authority.

(2) Notwithstanding the foregoing, and subject to the availability of funds from the Authority, when the average daily inflows to the Dry Creek Plant or Pleasant Grove Plant reach seventy-five percent (75%) of actual total capacity of either plant, respectively, the City shall begin the planning, permitting and design of the next expansion of the Pleasant Grove Plant or Dry Creek Plant, or the construction of new Regional Wastewater Facilities, as appropriate. Subject to the provisions of Section 9.f, the payment of the cost of such planning, permitting and design shall be made from the Regional Connection Fees on deposit in the Rate Stabilization Fund, or any other available funds of the Authority.

(3) Within a reasonable time after City begins the process of planning, permitting, and design, pursuant to Subsection 10.b(2), the Participants shall meet and confer

regarding their respective estimated capacity usage with respect to both Phase I Capacity and the wastewater treatment capacity to be provided by the future expansion of Regional Wastewater Facilities.

c. If amounts deposited into the Rate Stabilization Fund are insufficient to keep the balance thereof at or above the Minimum Level, and, in any event, not less than once every five (5) years, the Authority shall reevaluate the Regional Connection Fee and recommend the minimum Regional Connection Fee that the Participants shall charge. In recommending the minimum Regional Connection Fee, the Authority shall consider all appropriate factors, including, without limitation, the future Capital Costs, amount of Debt Service, the funding of the Rate Stabilization Fund, and the anticipated expansions or modifications of, or improvements to, Regional Wastewater Facilities. Each Participant shall either (1) enact and enforce the minimum Regional Connection Fee, and any increases thereto, recommended by the Authority, within one hundred twenty (120) days following receipt of notice thereof from the Authority, or (2) concurrently with the payment of Regional Connection Fees actually collected, pay to the Authority the difference between Regional Connection Fees actually collected and the amount that would have been collected (based on the same number of EDU's) had the Participant enacted and enforced the minimum Regional Connection Fee, and any increases thereto, recommended by the Authority. Nothing in this Agreement shall prohibit a Participant from adopting, for its own use, Local Connection Fees on connections within its individual service area in such amounts as it deems appropriate.

d. (1) In the case of the City and the County, Regional Connection Fees shall be paid upon the issuance of a building permit. In the case of the District, Regional Connection Fees shall be paid upon the issuance of a wastewater system application permit. Regional Connection Fees shall be transmitted by the Participants to the Authority on a monthly basis by the 15th day of each month, along with a summary report of (A) the Regional Connection Fees collected during the preceding month, (B) the dates on which the collected Regional Connection Fees were assessed, (C) the development projects (including number of EDU's) for which the collected Regional Connection Fees were assessed, and (D) any deferred Regional Connection Fees (as provided below), with copies of said report to be given to each of the other Participants.

(2) Each Participant may, in its sole discretion, allow for the deferral of Regional Connection Fees on a case-by-case basis, provided that such deferral does not cause any draw on the Rate Stabilization Fund to reduce the balance of such Participant's account within the Rate Stabilization Fund below such Participant's Sub-Minimum Level. In addition, each Participant may, in its sole discretion, allow for the deferral of Regional Connection Fees applicable to individual residences on a case-by-case basis, regardless of the balance of such Participant's account within the Rate Stabilization Fund. If a Participant allowing deferral of Regional Connection Fees becomes an Underfunded Participant, the Authority, or any Paying Participant, may require repayment of deferred amounts, plus interest, pursuant to the provisions of Subsection 9.f(4). In any event, the Participants shall pay deferred Connection Fees to the Authority, plus interest at the rate earned by funds on hand in the Rate Stabilization Fund during the period of deferral, upon collection thereof.

(3) In addition to the annual audit of Rate Stabilization Fund deposits and expenditures required by Subsection 9.h, the Authority shall retain an independent firm to conduct an audit of each Participant's Regional Connection Fee collection program within every five (5) years during the term of this Agreement. If said audit determines that there is a deficit between Regional Connection Fees that should have been collected and transmitted by any Participant and Regional Connection Fees that were actually collected and transmitted, that Participant shall pay the amount of the deficit to the Authority within a reasonable time as established by the Authority.

11. Participant Parity Obligations Secured by Participant Net Revenues. Each Participant may issue or incur Participant Parity Obligations, subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Participant Parity Obligations:

a. The Participant shall be in compliance with all covenants set forth in this Agreement.

b. The Participant's Net Revenues, calculated on sound accounting principles, as shown by the books of the Participant for the latest Fiscal Year, or any more recent twelve (12) month period selected by such Participant ending not more than ninety (90) days prior to the adoption of the documentation pursuant to which such Participant Parity Obligations are issued, as shown by the books of the Participant, plus, at the option of the Participant, any or all of the items hereinafter in this Subsection designated, shall at least equal one hundred ten percent (110%) of the sum of (1) such Participant's Rate Covenant Debt Service, and (2) the maximum annual debt service on the Participant Parity Obligations to be issued, calculated in accordance with the requirements of the resolution, trust indenture, or installment sale agreement, adopted, entered into, or executed and delivered, by the Participant, and under which such Participant Parity Obligations are to be issued. The items which may be added to such Participant's Net Revenues for the purpose of issuing or incurring Participant Parity Obligations hereunder are:

(1) an allowance for earnings arising from such Participant's Net Revenues resulting from any increase in the User Charges which has become effective prior to the incurring of such Participant Parity Obligations but which, during all or any part of such Fiscal Year or such twelve (12) month period, was not in effect, in an amount equal to the amount by which such Participant's Net Revenues would have been increased if such increase in User Charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an independent consultant engaged by such Participant; and

(2) an allowance for Participant Net Revenues from any additions or improvements to or extensions of the Participant's System to be financed from the proceeds of such Participant Parity Obligations or from any other source but in any case which, during all or any part of the most recent completed Fiscal Year for which audited financial statements are available or for any more recent twelve (12) month period selected by the Participant were not in

service, all in an amount equal to seventy-five percent (75%) of the estimated additional average annual Participant Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by the Participant; and

(3) Local Connection Fees collected by such Participant, in an amount equal to the greater of: (A) Local Connection Fees collected by such Participant during the prior twelve (12) months, or (B) the average annual amount of Local Connection Fees collected by such Participant during the prior thirty-six (36) months.

c. The documentation providing for the issuance of such Participant Parity Obligations shall provide that:

(1) The proceeds of such Participant Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Participant's System, or otherwise for facilities, improvements or property which the Participant determines are of benefit to the Participant's System, or for the purpose of refunding any Bonds, or other Parity Obligations, in whole or in part, including all costs (including costs of issuing such Participant Parity Obligations and including capitalized interest on such Participant Parity Obligations during any period which the Participant deems necessary or advisable) relating thereto; and

(2) Principal on such Participant Parity Obligations shall be payable on a date which is the same date principal on Bonds is paid.

12. Determination of Participants' Proportionate Shares.

a. For purposes of this Amended and Restated Funding Agreement, the Participants' Proportionate Shares have been determined by the following factors (as explained more fully in the South Placer Wastewater Capacity Allocation and Cost Responsibility Model Assumptions, attached hereto as **Exhibit A**):

- (i) The Participants' actual usage of the constructed wastewater treatment capacity of 21.0 MGD through 2010 and their projected usage thereafter;
- (ii) The Participants' estimated future usage of the excess constructed UV disinfection capacity; and
- (iii) The City's assumption of all responsibility for the reclaimed/recycled water infrastructure.

Accordingly, as of the date of this Agreement, each Participant's Proportionate Share shall be as follows:

<u>Participant</u>	<u>Proportionate Share</u>
City:	61.66%
County:	15.91%
District:	22.43%

TOTAL:	100%

The foregoing Proportionate Shares are not identical to the maximum allocated treatment capacity percentages in Section 5 due to the Participants' estimated future usage of the UV disinfection capacity, which exceeds the current treatment capacity of 21.0 MGD. The foregoing Proportionate Shares shall be applicable while the 2011 Bonds are outstanding, unless and until reallocated in accordance with the provisions of this Section 12.

b. The foregoing Proportionate Shares shall constitute the Participants' Proportionate Shares until (i) two or more Participants agree to reallocate the existing wastewater treatment capacity pursuant to Section 5.a, or (ii) the Authority reallocates existing wastewater treatment capacity pursuant to Section 5.b, or (iii) future wastewater treatment capacity is allocated by agreement for any expansions of Regional Wastewater Facilities. Reallocation of the Participants' Proportionate Shares in connection with capacity reallocations pursuant to clauses (i) and (iii), above, shall be by agreement between the affected Participants. Reallocation of the Participants' Proportionate Shares in connection with an Authority-determined capacity reallocation pursuant to clause (ii), above, shall be by agreement among the Authority and the affected Participants; provided, if the Authority and Participants are unable to agree on an equitable reallocation of the Proportionate Shares, the matter may be referred to arbitration pursuant to Section 17. In that event, the arbitrator shall determine an equitable reallocation of Proportionate Shares in accordance with the principles of Section 2.b, amounts paid by the Participants (including carrying costs) and, insofar as applicable, the factors set forth in Section 12.a.

c. No reallocation of Proportionate Shares pursuant to the provisions of this Section 12, in connection with a capacity reallocation pursuant to the provisions of Section 5, shall require an amendment to this Agreement, provided that the Authority and Participants, as applicable, shall comply with the notice provisions of Section 5.c.

d. Intentionally Omitted.

e. The Proportionate Shares of 2011 Bond Debt Service determined pursuant to this Section 12 shall apply to the 2011 Bonds, but not to Parity Bonds, or other obligations issued by the Authority which are subordinate to the 2011 Bonds. When this Agreement refers to the "Proportionate Shares" of the Participants with respect to their respective responsibilities for the payment of Debt Service on Parity Bonds, the term shall mean the allocation agreed to by all of

the Participants at the time Parity Bonds are issued, which allocation shall be in accordance with the principles of Section 2.b.

13. Covenants of the Participants.

a. Punctual Payment; Compliance With Bond Documents. Each Participant shall punctually pay or cause to be paid the interest and principal to become due with respect to its Proportionate Share of Debt Service in strict conformity with the terms of all Bonds, and of this Funding Agreement, and shall faithfully observe and perform all of the conditions, covenants and requirements herein contained.

b. Against Encumbrances. No Participant shall mortgage or otherwise encumber, pledge or place any charge upon its Participant System or any part thereof, or upon any of its Participant Net Revenues, which would have the effect of impairing its obligation to make payments hereunder.

c. Discharge of Claims. Each Participant covenants that in order to fully preserve and protect the priority and security of all Bonds, such Participant shall pay and discharge all lawful claims for labor, materials and supplies furnished for or in connection with its Participant System which, if unpaid, may become a lien or charge upon its Participant Net Revenues prior or superior to the lien of any and all Bonds or impair the security of any and all Bonds. Each Participant shall also promptly pay all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of its Participant System or upon any part thereof or upon any of its Participant Net Revenues.

d. Acquisition, Construction or Financing of Improvements to the Participant's System. Each Participant shall construct, or finance improvements to its Participant System which are necessary for the continuing operation of its Participant System, and such improvements shall be made in an expeditious manner and in conformity with laws so as to complete the same as soon as possible.

e. Operation and Maintenance of Participant's System in Efficient and Economical Manner. Each Participant covenants and agrees to maintain and operate its Participant System in an efficient and economical manner and to operate, maintain and preserve the Participant System in good repair and working order.

f. Against Sale, Eminent Domain.

(1) No Participant shall sell, lease, or otherwise dispose of, its Participant System or any part thereof essential to the proper operation of its Participant System or to the maintenance of its Participant Net Revenues, except as expressly permitted herein. No Participant shall enter into any lease or agreement which impairs the operation of its Participant System or any part thereof necessary to secure adequate Participant Net Revenues for the payment of the interest on and principal or redemption price, if any, on any and all Bonds, or which would

otherwise impair the rights of the holders of any and all Bonds with respect to its Participant Net Revenues or the operation of its Participant System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of its Participant System, or any material or equipment which has worn out, may be sold without the consent of the holders of the Bonds if such sale will not reduce Participant Net Revenues.

(2) If all or any part of a Participant's System shall be taken by eminent domain proceedings, the net proceeds realized by the Participant therefrom shall be deposited by the Participant with the Trustee in a special fund in trust and applied by the Participant as the Participant deems prudent, if (A) the Participant first secures and files with the Trustee a certificate showing (I) the estimated loss in annual Participant Net Revenues, if any, suffered, or to be suffered, by the Participant by reason of such eminent domain proceedings, (II) a general description of the Participant's proposed use of such net proceeds, and (III) an estimate of the additional Participant Net Revenues, if any, to be derived from such use of net proceeds; and (B) the Trustee, on the basis of such certificate, determines that the ability of the Participant to meet its obligations hereunder will not be substantially impaired, which determination shall be final and conclusive. If the foregoing conditions are met, the Participant shall then promptly proceed with the proposed use of such net proceeds substantially in accordance with such certificate and payments therefor shall be made by the Trustee from such net proceeds and from other monies of the Participant lawfully available therefor, and any balance of such net proceeds not required by the Participant for the purposes aforesaid shall be transferred to the Participant.

g. Insurance. Each Participant covenants that it shall at all times maintain such insurance on its Participant System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties. No Participant shall be required to maintain earthquake insurance. If any useful part of the Participant System shall be damaged or destroyed, such part shall be restored to use. The net proceeds of insurance against accident to or destruction of the Participant System shall be used for repairing or rebuilding the damaged or destroyed portions of the Participant System (to the extent that such repair or rebuilding is determined by the Participant to be useful or of continuing value to the Participant's System) and to the extent not so applied, shall be applied as the Participant determines.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the Participant, or may be in the form of self-insurance by the Participant. The Participant shall establish such fund or funds or reserves as are necessary to provide for its share of any such self-insurance. The Participant shall file or cause to be filed with the Trustee, annually within one hundred twenty (120) days after the close of each Fiscal Year, a certificate describing such insurance.

h. Records and Accounts. Each Participant shall keep proper books of record and accounts of the finances of its Participant System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to its Participant System. Said books shall, upon reasonable request, be subject to the inspection of the holders of

Bonds.

Each Participant covenants that it shall cause the books and accounts of its Participant System to be audited annually by an Independent Certified Public Accountant and shall make available for inspection by the owners of Bonds.

Each Participant covenants that it shall cause to be prepared annually, not more than one hundred eighty (180) days after the close of each Fiscal Year, as a part of its regular annual financial report, a summary statement showing the amount of revenues and the amount of all other funds collected which are required to be pledged or otherwise made available as security for payment of principal of and interest on Bonds, the disbursements from the revenues and other funds in reasonable detail, and a general statement of the financial and physical condition of its Participant System. The Participant shall furnish a copy of the statement to the Trustee, and upon written request, to any Bond owner.

i. Protection of Security and Rights of Owners. Each Participant shall preserve and protect the security of all Bonds and the rights of all Bond owners, and shall warrant and defend their rights against all claims and demands of all persons.

j. Against Competitive Facilities. No Participant shall acquire, construct, operate or maintain a utility within the service area of such Participant that would be competitive with its Participant System.

k. Payment of Taxes, Etc. Each Participant shall pay and discharge all taxes, assessments and other governmental charges which may be lawfully imposed upon its Participant System or any part thereof, or upon any Participant Net Revenues, when the same shall become due. Each Participant shall duly observe and conform to all valid requirements of any governmental authority relative to its Participant System or any part thereof, and shall comply with all requirements with respect to any state or federal grants received to assist in paying for the costs of the acquisition, construction or financing of any improvements to its Participant System.

l. Enforcement of Funding Agreement. Each Participant shall enforce its rights under this Agreement to receive its allocation of wastewater treatment capacity so as to ensure availability of wastewater treatment to customers within its jurisdiction.

m. No Priority for Participant Parity Obligations. Each Participant covenants that no additional bonds or other obligations shall be issued or incurred having any priority in payment over any and all Bonds as to revenues pledged to any and all Bonds.

n. Further Assurances. Each Participant shall adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of the Authority under, the applicable Bond Documents.

o. Continuing Disclosure. Each Participant shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking (executed by such Participant in connection with the Authority's issuance of Bonds) regarding its obligation to provide the Authority with information necessary to meet the Authority's continuing disclosure obligations, as set forth in Section 5.19 of the Indenture or any corresponding provisions of Parity Bonds Instruments, if any.

14. Amendments; Expiration of Certain Provisions.

a. This Agreement may be amended only by the unanimous written agreement of the Participants. So long as any Bonds are outstanding and unpaid, or funds are not otherwise set aside for the payment or redemption thereof in accordance with the terms of said Bonds and the documentation relating thereto, this Agreement shall not be amended, modified or otherwise revised, changed or rescinded, unless the Participants have first complied with the procedures required to amend the indenture for said Bonds.

b. Upon redemption or retirement of all Bonds, provisions of this Agreement that are solely for the benefit of owners of Bonds shall be held in abeyance, unless and until additional Bonds, if any, are issued by the Authority.

15. Rights of Participants and Third Parties. The Trustee, and Authority's credit enhancement provider, if any, shall have the right, as third-party beneficiaries of this Agreement, to initiate and maintain legal proceedings to enforce this Agreement to the extent provided for in the applicable Bond Documents. Except as provided in the foregoing sentence, nothing in this Agreement, express or implied, is intended to confer any rights or remedies under, or by reason of, this Agreement on any person other than the parties hereto and their respective permitted successors and assigns. If an Event of Default occurs hereunder, the parties hereto, the Trustee, and Authority's credit enhancement provider, if any, shall have the right to take whatever action it, or they, deem(s) necessary or advisable to ensure that such defaulting party complies with the provisions hereof, including, without limitation, bringing an action in law or in equity. In any action brought by any party to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie.

16. Notices. Any notices to parties required by this Agreement shall be delivered or mailed, U.S. first class, postage prepaid, addressed as follows:

SOUTH PLACER WASTEWATER
AUTHORITY
2005 Hilltop Cir.
Roseville, CA 95747
Attention: Executive Director

With a copy to:
Authority's General Counsel
Miller & Owen
428 J St., Suite 400
Sacramento, CA 95814
Attention: Paul J. Chrisman

CITY OF ROSEVILLE
Environmental Utilities Department
2005 Hilltop Cir.
Roseville, CA 95747
Attention: Environmental Utilities Director

With a copy to:
Roseville City Attorney
311 Vernon St.
Roseville, CA 95678
Attention: City Attorney

Finance Department
311 Vernon St., Room 206
Roseville, CA 95678
Attention: Finance Director

SOUTH PLACER MUNICIPAL UTILITY
DISTRICT
5807 Springview Dr.
Rocklin, CA 95677
Attention: General Manager

With a copy to:
District's General Counsel
Brown & Associates
11140 Fair Oaks Boulevard, Suite 100
Fair Oaks, CA 95628
Attention: Adam Brown

COUNTY OF PLACER
Department of Facilities Services
Special Districts Division
11476 "C" Avenue
Auburn, CA 95603
Attention: Director

With a copy to:
Placer County Counsel
175 Fulweiler Avenue
Auburn, CA 95603
Attention: County Counsel

Notices under this Agreement shall be deemed given and received at the earlier of actual receipt, or the second business day following deposit in the United States mail, as required above. Any party may amend its address for notice by notifying the other parties.

17. Arbitration Regarding Repayment Schedules and Interest Rates.

a. Any disagreement among the Participants concerning the repayment schedule(s), or interest rate(s), to be determined pursuant to Subsection 9.f(4) shall be submitted to arbitration upon the written request of one Participant being given to the other Participants.

b. The Participants may agree on one arbitrator. If they cannot agree on one arbitrator, there shall be three, with each Participant naming one independent arbitrator in writing within thirty (30) days after demand for arbitration is given. Should one or more Participants refuse or neglect to join in the appointment of the arbitrator(s) or to furnish the arbitrator(s) with any papers or information demanded, then (1) if only one Participant has timely designated an arbitrator, the arbitrator shall proceed ex parte to consider the matter, or (2) if two Participants have timely designated arbitrators, the arbitrators shall appoint a third arbitrator and proceed ex

parte to consider the matter.

c. A hearing on the matter to be arbitrated shall take place before the arbitrator(s) in the County of Placer, State of California, at the time and place selected by the arbitrator(s). The arbitrator(s) shall select the time and place promptly and shall give each Participant written notice of the time and place at least ten (10) days before the date selected. At the hearing, any relevant evidence may be presented by any Participant, and the formal rules of evidence applicable to judicial proceedings shall not govern. Evidence may be admitted or excluded in the sole discretion of the arbitrator(s). The arbitrator(s) shall hear and determine the matter and shall execute and acknowledge the award in writing and cause a copy of the writing to be delivered to each of the Participants.

d. If there is only one arbitrator, his or her decision shall be binding and conclusive on the Participants and, if there are three arbitrators, the decision of any two shall be binding and conclusive. The submission of a dispute to the arbitrator(s) and the rendering of a decision, if any, by the arbitrator(s) shall be a condition precedent to any right of legal action on the dispute. A judgment confirming the award may be given by any Superior Court having jurisdiction, or that Court may vacate, modify, or correct the award in accordance with the provisions of the California Arbitration Act.

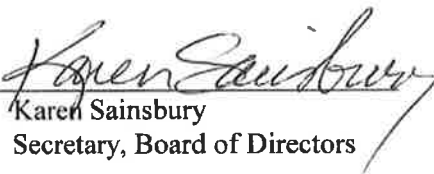
18. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties in separate counterparts, each of which, when executed and delivered, shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the South Placer Wastewater Authority, the City of Roseville, the South Placer Municipal Utility District and the County of Placer have each caused their duly authorized officers to execute this Agreement effective as of the date first written above.


SOUTH PLACER WASTEWATER AUTHORITY

BY: 
Derrick Whitehead
Executive Director

ATTEST:

BY: 
Karen Sainsbury
Secretary, Board of Directors


APPROVED AS TO LEGAL FORM:

BY: 
Paul J Chrisman
Authority's General Counsel


CITY OF ROSEVILLE

BY: 
Ray Kerridge
City Manager

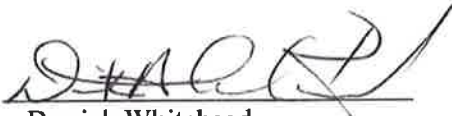
ATTEST:

BY: 
Sonia Orozco
City Clerk

APPROVED AS TO FORM:

BY: 
Brita Bayless
City Attorney


APPROVED AS TO SUBSTANCE:

BY: 
Derrick Whitehead
Environmental Utilities Director


SOUTH PLACER MUNICIPAL UTILITY DISTRICT

BY: 
Charley Clark
General Manager

APPROVED AS TO FORM:

BY: 
Adam Brown
District Counsel



ATTEST:

BY: 
Charley Clark
Secretary to the Board of Directors

COUNTY OF PLACER

BY: 
Jennifer Montgomery
Chair, Board of Supervisors

APPROVED AS TO FORM:

BY:  
Anthony J. LaBouff
County Counsel

ATTEST:

BY: 
Ann Holman
Clerk, Board of Supervisors

EXHIBIT A

**South Placer Wastewater Capacity Allocation
And
Cost Responsibility Model Assumptions**

NOTE: This Exhibit is intended for informational purposes only. In the event of any conflict between this Exhibit and the Amended in Restated Funding Agreement relating to the South Placer Regional Wastewater Facilities ("Funding Agreement"), the Funding Agreement shall control.

MODEL SUMMARY

The three agencies (Roseville, SPMUD and Placer County) agreed to a straight-line reallocation model used to formulate restructuring options for partner debt liability. This methodology incorporates changing influent loading rates and flows over time to determine available treatment plant capacities. Each agency established growth projections through 2050, which are used to estimate future treatment plant capacity needs for each agency.

The following tables work through the agreement that was reached utilizing the SPWA Reallocation Model last updated 6-18-2012. Table 1 summarizes the original debt liability agreement with the associated allocated capacity. It should be noted that under the original agreement, all capacity is available on a first come first serve basis.

Associated Capacity Related to Original Debt Liability				
Table 1				
Original Liability Percentage	Agency	2000 (mgd)*	Available Capacity (mgd)	Allocated Capacity (mgd)**
54.17%	Roseville	4.72	6.81	11.53
25.00%	SPMUD	2.57	3.14	5.71
20.83%	Placer County	1.14	2.62	3.76
		8.43	12.57	21.00

*Adjusted capacity based on influent loading rates

** Adjusted treatment capacity because of higher influent loading rates.

Reallocation of capacity was reached through evaluating agency use of existing wastewater treatment plant (WWTP) capacity combined with projected needs through full utilization of the facilities (Dry Creek and Pleasant Grove WWTPs). This assessment estimated full plant utilization, by partner, for both treatment plants.

Table 2 summarizes treatment plant usage as of June 2010 as well as remaining allocated capacity by agency and by treatment plant.

Treatment Plant Usage in 2010					
Table 2					
Agency	Dry Creek WWTP (mgd)	Pleasant Grove WWTP (mgd)	2010 Total Usage (mgd)	Total Allocated Capacity (mgd)	Remaining Agency Capacity (mgd)
Roseville	4.81	5.13	9.94	11.53	1.59
SPMUD	2.38	1.96	4.34	5.71	1.37
Placer County	1.92	0.14	2.06	3.76	1.7
2010 Total	9.11	7.23	16.34	21.00	4.66
Available Capacity	11.5	9.5	21.00		
Remaining WWTP Capacity	2.39	2.27	4.66		

Table 1 summarizes original treatment plant allocations based on the 2000 Funding Agreement liability percentages. Table 2 outlines how capacity was used through 2010 and summarizes remaining treatment capacity at both treatment plants with distributions of the remaining capacity by partner. Table 3 presents how allocated capacity has been redistributed amongst the partners to meet future needs and make the deal work. *Note that South Placer Municipal Utility District is projecting to use less than their reallocated capacity. The District offered to take on a higher debt liability than what their projected needs dictated.*

Table 3 presents how allocated capacity has been redistributed amongst the partners to meet future needs and make the deal work. *Note that South Placer Municipal Utility District is projecting to use less than their reallocated capacity. The District offered to take on a higher debt liability than what their projected needs dictated.*

Summary of Treatment Plant Capacity Reallocation Between Partners					
Table 3					
Agency	Projected Need (mgd)	Allocated Capacity (mgd)*	Shifted Capacity (mgd)	Reallocated Capacity (mgd)	%
Roseville	12.69	11.52	1.14	12.66	60.29%
SPMUD	4.96	5.72	-0.31	5.41	25.76%
Placer County	3.31	3.76	-0.83	2.93	13.95%
	20.96	21		21.00	

Under the Reallocation Agreement, original treatment capacity (calculated from the debt liability percentages) was redistributed to the City from both the District and the County. Shifted or reallocated capacity is summarized in Table 3. Reallocated capacity percentages are based solely on available treatment plant capacity. These percentages differ from the debt liability percentages in Table 10, because debt liability takes into account remaining UV Disinfection capacity beyond available treatment plant capacity and the singular responsibility for Recycled Water being transferred to the City of Roseville.

Tables 1 through 4 summarize plant utilization through June 2010 and how the remaining treatment capacity at each plant is now and will be assigned to each agency through the reallocation agreement.

Used and Remaining Capacity at Each WWTP - 2010 Table 4							
Agency	Dry Creek WWTP			Pleasant Grove WWTP			Overall Total
	Existing	New	Total	Existing	New	Total	
Roseville	4.81	0.91	5.72	5.13	1.81	6.94	12.66
SPMUD	2.38	0.74	3.00	1.96	0.45	2.41	5.41
Placer County	1.92	0.74	2.78	0.14	0.01	0.15	2.93
			11.50			9.50	21.00

If the characterization of available treatment capacity changes due to changes in flow; changes in influent concentrations (loading rates) or for some other reason; the percentages in Table 5 are to be used to reassign the rated treatment plant capacity.

Agency Treatment Plant Capacity Allocation At Each WWTP Table 5						
Agency	DC WWTP (mgd)	%	PG WWTP (mgd)	%	Total (mgd)	Overall %
Roseville	5.72	49.74%	6.94	73.05%	12.66	60.29%
SPMUD	3.00	26.09%	2.41	25.37%	5.41	25.76%
Placer County	2.78	24.17%	0.15	1.58%	2.93	13.95%
	11.50		9.50		21.00	

To fully understand the methodology used in the “reallocation model”, the capital plan associated with the last expansion is overlaid on available capacity (12.57 mgd). Tables 6 through 9 outline the procedure:

- Identify Unit Costs and overlay capital plan on available capacity;

- Calculate UV disinfection cost for existing (8.43 mgd), available (12.57 mgd), and remaining (12 mgd) disinfection capacity.
- Calculate the available treatment capacity (12.57 mgd) cost. This cost included the associated transmission facilities needed to redirect flow from the Dry Creek Plant to the Pleasant Grove Plant;
- Summarize costs by agency for UV, Treatment, and Recycled Water and determine agency percentage of cost.

The percentage of cost is Agency's new debt liability. Table 6 identifies the unit costs for major elements of the capital plan (treatment, transmission, UV disinfection, and recycled water). The overall capital plan totaled \$258.72 million.

Unit Cost Capital Plan Summary Table 6								
					Total Capital Plan Cost Summary			
					Existing UV Only	Treatmnt, UV and RW	Remain UV Only	
	Unit \$/ gpd	Ext Mgd	Available Capacity mgd	UV Remain mgd	Exist Million \$	New Million \$	Million \$	Total Million \$
Treatment Cost	13.12	8.43	12.57	0	0	164.92	0	164.92
UV Cost	1.94	8.43	12.57	12	16.36	24.39	23.28	64.03
Transmission Cost	1.33		9.47	0	0	16.67	0	16.67
Recycled Water	0				0	13.1*	0	13.1
Total:		8.43	12.57	12	16.36	219.08	23.28	258.72

* Lump sum amount for recycled water capital projects.

Tables 7 and 8 calculate the cost of ultraviolet disinfection for existing capacity in 2000; for available capacity after the Pleasant Grove wastewater treatment plant; and, for excess UV disinfection capacity beyond that of the constructed treatment plant capacity (33 mgd UV versus 21 mgd of treatment plant capacity).

Table 8 calculates the cost of wastewater treatment plant capacity and the ancillary transmission facilities that were necessary to bring on the second plant.

UV Disinfection Allocation - Three Stages 1) Through 2000; 2) 2000 through Plant Build Out; 3) Remaining Capacity Table 7							
Agency	UV Disinfection up to 2000 (1)		UV Disinfection from 2000 through Plant Capacity Build Out (2)		Remaining UV Disinfection Capacity (3)		Total
	UV		UV		UV		
	mgd	1.94*	mgd	1.94*	mgd	1.94*	million \$
		million \$		million \$		million \$	
Roseville	4.72	9.16	7.94	15.40	3.69	7.16	31.72
SPMUD	2.57	4.99	2.84	5.51	3.35	6.50	16.99
Placer County	1.14	2.21	1.79	3.47	4.96	9.62	15.31
	8.43	16.36	12.57	24.39	12.00	23.28	64.02

* UV cost in million \$ per mgd

Constructed Treatment Plant Capacity Excluding UV Disinfection Table 8				
Agency	Total Capacity Available When PGWWTP Came on Line - 2005 DCWWTP mgd	Treatment \$14.45 million / mgd		
		PGWWTP mgd	Avail Cap mgd	million \$
		Roseville	1.00	6.94
SPMUD	0.43	2.41	2.84	41.04
Placer County	1.64	0.15	1.79	25.87
	3.07	9.50	12.57	181.64

Table 9 is a compilation of costs calculated in Tables 6, 7 and 8 for each agency. Once the total cost allocation is known, the percent debt liability can be calculated.

Agency Reallocation of Debt Liability Percentage Based on Total Dollars Table 9					
	UV million \$	Treatment million \$	Other million \$	Total million \$	Debt Liability %
Agency	\$	\$	\$	\$	%
Roseville	31.72	114.73	13.1	159.55	61.66%
SPMUD	16.99	41.04		58.03	22.43%
Placer County	15.31	25.87		41.17	15.91%
	64.02	181.64	13.1	258.76	

Other Deal Points

- Roseville will own and operate the recycled water system and have the right to all the effluent from both plants and the operating revenue received from the sale of the recycled water. The City and County will develop the appropriate agreements to allow the City to operate the Recycled Water Utility throughout the JPA service area.
- If a partner needs to purchase wastewater treatment capacity from one of the other agencies, it will not be unreasonably withheld, but the cost will be at a premium rate.
- Pursuant to Section 9.(4) of the Funding Agreement, interest accrues on any deficit in a member partner's individual Rate Stabilization Fund sub-account. For purposes of calculating interest owed by the County, only the reallocated rate stabilization fund balance (currently in a deficit condition) will be used to calculate the lost interest earnings.
- The intent of the reallocation of the rate stabilization fund is to ensure by the next plant expansion, estimated at 2022 for the Pleasant Grove WWTP or 2030 for the Dry Creek WWTP, all participating agencies will have a fund balance sufficient to ensure that the capitol program (rate stabilization fund) will not carry negative fund balances going forward.

RESOLUTION NO. 12-313

APPROVING THE AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT FOR THE SOUTH PLACER WASTEWATER AUTHORITY; THE AMENDED AND RESTATED OPERATION AND USE AGREEMENT; THE AMENDED AND RESTATED FUNDING AGREEMENT; AND, THE REALLOCATION AND REPAYMENT AGREEMENT

WHEREAS, the City of Roseville (the "City"), together with the County of Placer (the "County") and the South Placer Municipal Utility District (the "District") (collectively, the "Participants"), have formed a joint powers agency, known as the South Placer Wastewater Authority (the "Authority") for the purpose of jointly financing the Pleasant Grove Wastewater Treatment Plant, improvements to the Dry Creek Wastewater Treatment Plant, and Related Regional Infrastructure; and

WHEREAS, effective October 1, 2000, the Authority and the Participants entered into the Funding Agreement Relating to the South Placer Regional Wastewater Facilities (the "Funding Agreement") and an Agreement regarding the Operation and Use of the South Placer Regional Wastewater Facilities (the "Operations Agreement") to provide for, among other things, (i) capital funding for the Regional Wastewater Facilities, (ii) the Participants' respective responsibilities to pay debt service, (iii) the Participants' respective rights to use the Regional Wastewater Facilities, and (iv) the operation and maintenance of the Regional Wastewater facilities; and

WHEREAS, the Authority and the Participants desire to amend the Funding Agreement and Operations Agreement, and to enter into the Reallocation and Repayment Agreement in order to provide for, among other things, (i) reallocation of the Participants' Proportionate Shares, (ii) reallocation of wastewater treatment capacity and modification of provisions concerning future capacity usage, (iii) reallocation of amounts in the Participants' subaccounts within the Rate Stabilization Fund created under the Funding Agreement, (iv) future additions to the wastewater treatment service area, (v) transfer of recycled wastewater infrastructure to the City, and (vi) makeup contributions by the County to address the shortfall in its Rate Stabilization Fund subaccount; and

WHEREAS, the Participants also desire to amend the Joint Exercise of Powers Agreement for the South Placer Wastewater Authority for consistency with the Amended and Restated Funding and Operations Agreements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Roseville as follows:


A. The following agreements are hereby approved:

1. The Amended And Restated Joint Exercise Of Powers Agreement For The South Placer Wastewater Authority;
2. The Amended And Restated Funding Agreement Relating To The South Placer Regional Wastewater Facilities;
3. The Amended And Restated Agreement Regarding The Operation and Use Of The South Placer Regional Wastewater Facilities; and
4. The Reallocation And Repayment Agreement.

B. The City Manager is hereby authorized to execute the aforementioned agreements, subject to any non-substantive changes as may be approved by the City Manager and City Attorney.

PASSED AND ADOPTED by the Council of the City of Roseville this 15th day of August, 2012, by the following vote on roll call:

AYES	COUNCILMEMBERS:	Allard, Herman, Rohan, Roccucci
NOES	COUNCILMEMBERS:	None
ABSENT	COUNCILMEMBERS:	Garcia



 MAYOR


ATTEST:



 City Clerk

The foregoing instrument is a correct copy of the original on file in this office.

ATTEST:

 City Clerk of the City of Roseville, California


 DEPUTY CLERK

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 11, 2018

FROM: Janet Vargas, Acting Business Services Administrator

AUTHORITY COMMUNICATION NO.: 18-18

SUBJECT: Annual Operating Budget for Fiscal Year 2018-2019

For SPWA Board Meeting 6/28/18

ACTION REQUESTED

Adopt the annual operating budget for fiscal year 2018-2019.

BACKGROUND

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

The attached budget for the South Placer Wastewater Authority (Authority) represents the estimates of revenues and expenditures for the Authority for fiscal year 2018-2019 (FY18). The Board will have an opportunity to review, and adjust as necessary, the annual budget at mid-year.

2017-2018 (FY17) Estimated Revenues and Operating Expenses (Current Year)

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

- Interest earnings, net of amortized premiums and unrealized gains/losses are higher than originally budgeted due to better than expected market interest rates.
- Connection fees are higher than what was originally budgeted as real estate development continues to increase.

2018-2019 Estimated Revenues

Connection fees have been projected at \$13,823,040 (\$1,256,640 for the County, \$3,927,000 for the District, and \$8,639,400 for Roseville). This continues to be a positive turn and reflects a higher level of anticipated development from the prior year. Interest income, net of amortized premiums and unrealized gains/losses is also estimated to be a slightly higher than what was originally budgeted in FY18. We are also planning to obtain \$25 million from State Revolving Fund proceeds in FY19.

2018-2019 Estimated Operating Expenses

Total operating expenditures for FY19 is comparable to the FY18 total operating expenditures. Overall, indirect costs are up due to anticipated work related to the State Revolving Fund reporting requirements. The JPA staff line items include both direct and indirect costs related to administration of the Authority. Indirect costs include the city attorney, city manager, and certain finance personnel, etc., who do not charge expenses directly to the Authority.

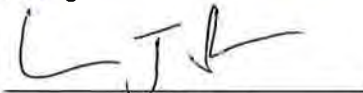
The Capital Improvement Projects Budget for FY19 is included in a separate agenda item.

Debt service payments for FY19 are expected to be approximately 27% lower than the FY18 budget due to the swap termination payment made in FY18.

Submitted by:



Janet L. Vargas
Acting Business Services Administrator



Kenneth J. Glotzbach
Executive Director

South Placer Wastewater Authority: FY 2018-19 Budget

	Actual 2016-17	Amended Budget 2017-18	Budget 2018-19
ESTIMATED REVENUES			
Interest	\$ 1,504,112	\$ 1,221,886	\$ 1,400,000
Connection Fees	21,861,823	13,221,710	13,823,040
Repayment from County	500,000	500,000	500,000
Funding from State Revolving Fund Loan	-	-	25,000,000
Total Estimated Revenues	23,865,935	14,943,596	40,723,040
ESTIMATED OPERATING EXPENSES			
JPA Staff	130,103	89,723	90,422
Legal Services	11,061	44,444	40,000
Financial Advisory Services	-	49,444	50,000
Audit Services	20,420	25,000	25,000
Insurance	17,898	18,659	21,009
Copying/Mailing/Supplies	-	2,250	-
Copy/binding/printing	-	-	1,000
Office supplies	219	-	1,000
Postage	316	-	1,000
Conference calls	-	-	250
Travel/Meetings	-	500	500
Miscellaneous	-	-	-
Total Estimated Operating Expenses	180,017	230,020	230,181
LESS CAPITAL AND DEBT EXPENSES			
Capital expenses	4,009,381	6,006,085	80,400,000
Debt service payments	9,665,678	14,883,147	10,872,550
Total Estimated Capital and Debt Related Expenses	13,675,059	20,889,232	91,272,550
INCREASE (DECREASE) FROM OPERATIONS	10,010,859	(6,175,656)	(50,779,691)
AVAILABLE RESOURCES, BEGINNING OF YEAR	110,297,757	120,308,616	114,132,960
AVAILABLE RESOURCES, END OF YEAR	\$ 120,308,616	\$ 114,132,960	\$ 63,353,269