

PUBLIC COMMENTS

Members of the public may comment on any item of interest to the public within the subject matter jurisdiction of the South Placer Wastewater Authority. Members of the public who wish to address a specific agenda item are requested to offer their comments during consideration of that item.

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 June 28, 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: Janet Vargas, Colleen Boak, Jacquelyn Flickinger, Jacquie Clarizio, Nick Rosa, Dennis Kaufman, Jay Panzica, and Joe Mandell from the City of Roseville; Public Utilities Commissioner Jim Viele, Osman Mufti of Sloan and Sakai, Herb Niederberger from SPMUD; and Dave Atkinson, Robin Mahoney, Vanessa Lieberman and Shanti Landon, from Placer County.

Approval of Minutes, January 25, 2018

A vote was taken as follows:

MOTION by Director Gore seconded by Director Allard to approve the January 25, 2018 minutes. The vote was unanimous.

New Business Items

1. **Information: Overview of Swap Performance & Annual Reporting Requirements**

Nick Rosas reported on the Swap Performance and Annual Reporting Requirements.

No Public Comment.

2. Information: Investment Review

Jacque Clarizio reported on the performance of the Authority's investments through April 30, 2018.

No Public Comment.

3. Resolution: Approval of FY2018-19 Investment Policy and Swap Guidelines

Jacque Clarizio presented housekeeping changes to the Investment Policy and Swap Guidelines and requested Board approval.

No Public Comment.

MOTION by Director Allard seconded by Director Weygandt to adopt Resolution 2018-03. The vote was unanimous.

4. Information: Rate Stabilization Fund Balances & Connection Fee Revenues

Jacquelyn Flickinger presented the Rate Stabilization Fund Balances and Connection Fee Revenues for information.

No Public Comment.

5. Resolution: CEQA Review for Pleasant Grove WWTP Expansion Project & Authorization for Expenditure of Construction Funds

Ken Glotzbach provided a history regarding the Mitigated Negative Declaration reviewed by the Board in 2017 and the June 2018 Addendum prepared for the Pleasant Grove WWTP Expansion and Energy Recovery Project. An update on the status of the SRF loan application was given and Ken stated no construction will be authorized before the loan application process is complete and a funding agreement is finalized. Ken requested Board approval of Resolution 2018-04 authorizing expenditure of construction funds for the project.

No Public Comment.

MOTION by Director Duran seconded by Director Weygandt to adopt Resolution 2018-04. The vote was unanimous.

6. Resolution: Approval of Capital Improvement Projects Budget and Update

Ken Glotzbach presented the Capital Improvement Projects Budget and Project Update for FY2018-19 and requested Board approval.

No Public Comment.

MOTION by Director Allard seconded by Director Weygandt to adopt Resolution 2018-05. The vote was unanimous.

7. Information: Reimbursement Agreement between SPWA and City of Roseville for State Revolving Fund for the Pleasant Grove WWTP Expansion Project

Ken Glotzbach provided an update on the State Revolving Fund reimbursement agreement including staff's plan to present the agreement to the Roseville City Council at an upcoming meeting to request authorization for the City to enter into the agreement.

No Public Comment.

8. Resolution: Approval of Annual Operating Budget for FY2018-19

Janet Vargas presented the Authority's operating budget for FY2018-19 and requested Board approval.

No Public Comment.

MOTION by Director Allard seconded by Director Weygandt to adopt Resolution 2018-06. The vote was unanimous.

Reports/Comments – Board Members/Staff

Ken Glotzbach informed the Board that SPWA Counsel Sabrina Thomas is leaving Sloan and Sakai for an opportunity in the Bay Area. Sabrina expressed her appreciation serving as General Counsel to the Board and complimented staff for their efficiency and professionalism. Sabrina then introduced Osman Mufti, of Sloan and Sakai, who will serve as General Counsel effective immediately.

Chair Duran announced this will be his last meeting serving on the Board and shared his appreciation for everyone's efforts over the years and that he has enjoyed working with City, County and SPMUD staff.

Public Comment

None.

Adjournment

The meeting was adjourned at 10:00 a.m.

Name
Chair

Karen Sainsbury
Secretary to the Board

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 10, 2019

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 19-01

SUBJECT: Election of a New Chairperson and Vice-Chairperson

For SPWA Board Meeting of January 31, 2019

Action Requested

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

Discussion

The current Board Chairperson and Vice-Chairperson were elected at the South Placer Wastewater Authority's regular meeting on January 25, 2018. The Board Bylaws state that the Chairperson and Vice-Chairperson shall serve for a 1-year term or until a new Chairperson and Vice-Chairperson are appointed.

Submitted by:



Kenneth J. Glotzbach
Executive Director

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2019

FROM: Kenneth Glotzbach / Executive Director

AUTHORITY COMMUNICATION NO.: 19-02

SUBJECT: Designation of Interim Board Secretary

For SPWA Board Meeting January 31, 2019

ACTION REQUESTED


Staff recommends that the South Placer Wastewater Authority (SPWA) Board appoint Roseville staff member Pamela Walsh as Interim Secretary to the Authority.

BACKGROUND

The City of Roseville's Environmental Utilities Executive Assistant, Karen Sainsbury retired in late 2018. Karen also served as the SPWA's Secretary. A recruitment to refill the Executive Assistant position is being conducted at this time. The Executive Assistant position has historically also served as the SPWA Secretary.

Until a permanent replacement is made, Staff recommends appointing Roseville staff member Pamela Walsh as Interim SPWA Secretary. Once the position is refilled, Staff will propose a permanent Secretary appointment for consideration by the SPWA Board at a future meeting.

Submitted by:



Kenneth J. Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2019-01

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH PLACER WASTEWATER AUTHORITY
APPOINTING AN INTERIM SECRETARY OF THE AUTHORITY

BE IT RESOLVED by the Board of Directors (“Board”) of the South Placer Wastewater Authority (“Authority”) as follows:

The Board hereby approves the appointment of Pamela Walsh as Interim Secretary to the Authority until such time as a successor is duly appointed by the Board.

PASSED AND ADOPTED this 31st day of January 2019, by the following vote:

AYES: Egore, Allard, Alvard, Mitchell, Weygandt

NOES: —

ABSENT: —


Chairperson

ATTEST:


Vice Chair

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: December 19, 2019

FROM: City of Roseville Economic Development Department

AUTHORITY COMMUNICATION NO. 19-03

SUBJECT: Inclusion of the South Placer Wastewater Authority into the SCIP Program for the Roseville Campus Oaks Project Phase I and II.

For SPWA Board Meeting January 31, 2019

**REVISION – UPDATE FINANCING AMOUNT NOTED ON
PAGE 2 OF THE STAFF REPORT**

Due to the addition of 16 units to Phase 2 of the project, the sewer connection fee has been increased from \$1,476,000 to \$1,602,216. Accordingly, the total amount requested for inclusion into the SCIP financing program is estimated at \$3,028,374 (Phase 1 at \$1,426,158 and Phase 2 at \$1,602,216).

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: December 19, 2019

FROM: City of Roseville Economic Development Department

AUTHORITY COMMUNICATION NO. 19-03

SUBJECT: Inclusion of the South Placer Wastewater Authority into the SCIP Program for the Roseville Campus Oaks Project Phase I and II.

For SPWA Board Meeting January 31, 2019

ACTION REQUESTED

Staff recommends the Board adopt a resolution authorizing the inclusion of the South Placer Wastewater Authority Regional Sewer Fee into the Statewide Communities Infrastructure Program for a onetime financing of fees for the Roseville Campus Oaks Project, Phase I and II.

BACKGROUND

The Statewide Community Infrastructure Program (SCIP) was instituted by California Statewide Communities Development Authority (CSCDA) in 2002 to allow owners of property in participating cities and counties to finance the development impact fees that would be payable by property owners upon receiving development entitlements and/or issuance of building permits. The Development fees eligible for inclusion into the SCIP program are those that will finance capital projects for which assessment financing would not otherwise be possible. These fees include water, sewer, park, drainage and traffic fees. Projects in Roseville that have participated in the SCIP program have been able to include eligible fees that were assessed directly by the City. Regional fees, or those governed by a Joint Powers Authority, such as South Placer Wastewater Authority (SPWA), require approval by that agency before they can be included in the SCIP program.

The SCIP program offers financing for eligible public capital improvements ("Projects"). If a property developer chooses to participate in the SCIP program, the selected Projects and Development Impact Fees (DIFs) owed to the City or to the participating special district will be financed by the issuance of tax-exempt bonds by CSCDA. CSCDA will impose a special assessment on the property (and proportionally on any subsequently subdivided lots) to repay the bonds issued to finance the fees and infrastructure. Through the SCIP program developers can choose to participate in either (1) the Impact Fee Reimbursement Program, wherein the developer is reimbursed for all eligible fees that were paid to the jurisdiction at the time of building permit issuance, or (2) the Impact Fee Prefunding Program, wherein development fees for a project are estimated, and funds are disbursed to the applicable jurisdiction prior to issuance of the building permit. The DIFs are subject to requisition by the City at any time to make authorized fee expenditures. By holding and investing the money until it is spent, SCIP administrators are able to monitor the investment earnings (which go to the City) for federal tax law arbitrage purposes.

The benefits to the property owner include:

- Only property owners who choose to participate in the program will have assessments imposed on their property.
- Instead of paying cash for public capital improvements and/or development impact fees, the property owner receives low-cost, long-term tax-exempt financing of those fees, freeing up capital for other purposes.
- The property owner can choose to pay off the special assessments at any time.
- Owners of smaller projects, both residential and commercial, can have access to tax-exempt financing of infrastructure. Before the inception of SCIP, only projects large enough to justify the formation of an assessment or community facilities district had access to tax-exempt financing.

The benefits to the participating agency include:

- SCIP financing is an attractive incentive for smaller projects and can be used as an economic development tool.
- As in conventional assessment financing, the participating agency is not liable to repay the bonds issued by CSCDA or the assessments imposed on the participating properties.
- CSCDA handles all district formation, district administration, bond issuance and bond administration functions. A participating city can provide tax-exempt financing to property owners through SCIP while committing virtually no staff time to administer the program.
- Providing tax-exempt financing helps participating cities and counties cushion the impact of rising public capital improvements costs and development impact fees on property owners.
- The availability of SCIP financing encourages developers to pull building permits and pay fees in larger blocks, giving the participating city immediate access to revenues for public infrastructure, rather than receiving a trickle of revenues stretched out over time. As part of the entitlement negotiation process, the possibility of tax-exempt financing of fees can be used to encourage a developer to pay fees up front.

EVALUATION

The proposed resolution authorizes CSCDA to accept an application for the inclusion of the Roseville Campus Oaks Project wastewater/sewer connection fees into the SCIP fee financing program. It approves the form of a Fee Collection and Disbursement Agreement (see Exhibit A), associated with the resolution (see Exhibit B), to be entered into between SPWA, the City of Roseville and CSCDA, to provide the terms and conditions under which the DIFs owed to SPWA will be financed through SCIP, and to provide for the disbursement of bond proceeds to SPWA or to reimburse the property owner. It also authorizes miscellaneous related actions and makes certain findings and determinations required by law.

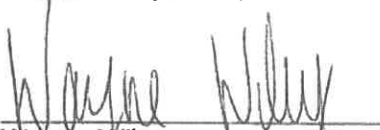
As proposed, the project applicant would be eligible to finance up to \$2.9 million in regional sewer fees through SCIP. The actual fee financed amount for Phase I would total \$1,426,158.60, and because building permits have not been issued for Phase II, the fee finance amount for Phase II is estimated at approximately \$1,476,000 million. These

fees will be paid prior to issuance of each building permit associated with the Campus Oaks project. Staff strongly supports this request as allowing the fee to be financed will help support the construction of the project. Additionally, the project will contribute to the City's affordable housing stock, assist with the establishment of a mixed use development consistent with the regions sustainable Blue Print Strategy, and will act as an economic catalyst for this part of the region.

Agencies participating in SCIP are expected to be able to reasonably expend the financed fees on capital expenditures within a 3 year time period or as otherwise generally determined appropriate. The City of Roseville's Environmental Utilities Department has evaluated the anticipated capital improvement projects expected to be paid from the regional sewer fees and determined that there will be more than \$2.9 million dollars of expenditures within this time period.

With this request, there is no risk to the participating jurisdictions, SPWA, or any other entity that assess fees. The jurisdictions are not involved with review of the applications or the collection of assessments. Development fees funded through the Fee Prefunding Program will be received by the jurisdictions at the time bonds are issued. Development fees funded through the Fee Reimbursement Program will be reimbursed to the applicant when SPWA has either spent those fees or transferred those fees to Wilmington Trust. Per the requirements of the CSCDA, a separate Wilmington Trust account must be set-up to receive and disburse SCIP funded fees. To release the fees from the Wilmington Trust account, a request must be made demonstrating that there is a current need for the fees. The request is made by filling out a simple one page form that is submitted to CSCDA. SPWA will have access to the funds at any time.

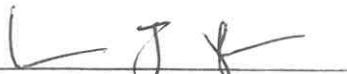
Submitted by:



Wayne Wiley
Economic Development Analyst, City of Roseville



Laura Matteoli
Economic Development Director, City of Roseville



Kenneth J. Glotzbach
Executive Director

Exhibits:

- A. Fee Collection and Disbursement Agreement
- B. Resolution

FEE COLLECTION AND DISBURSEMENT AGREEMENT

This FEE COLLECTION AND DISBURSEMENT AGREEMENT (this “Agreement”), dated as of _____ 1, 2019, by and among the SOUTH PLACER WASTEWATER AUTHORITY (“Fee Recipient”), a California joint powers authority, the City of ROSEVILLE, a municipal corporation of the State of California (the “SCIP Participant”) and the CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY (“CSCDA”);

W I T N E S S E T H:

WHEREAS, the Fee Recipient is entitled to receive from time to time certain amounts paid by developers of real property (each a “Developer”) within the jurisdiction of the SCIP Participant as impact fees, connection fees or other capital charges;

WHEREAS, the SCIP Participant is a participant in CSCDA’s Statewide Community Infrastructure Program (“SCIP”);

WHEREAS, certain fees or capital charges collected by Fee Recipient (the “Fees”) are eligible for financing through SCIP, subject to approval of Bond Counsel (as defined herein);

WHEREAS, the Fees may be paid to Fee Recipient by Developers, for subsequent reimbursement from the proceeds of bonds (the “Bonds”) issued through SCIP, or the Fees may be paid directly to Fee Recipient from proceeds of the Bonds;

WHEREAS, in accordance with Fee Recipient’s request, and in order to allow the Fees to be financed through SCIP, the SCIP Participant has determined to collect the Fees on Fee Recipient’s behalf and to remit the Fees to CSCDA to be held in a separate subaccount within the SCIP Account, and to make or cause to be made disbursements from such subaccount in accordance with properly executed requisitions of the Fee Recipient in the form attached as Exhibit B hereto;

NOW, THEREFORE, THE PARTIES HERETO MUTUALLY AGREE AS FOLLOWS:

Section 1. Definitions. As used herein, the following capitalized terms shall have the meanings ascribed to them below:

“Authorized Officer” means (a) when used with respect to CSCDA, any member of the governing board of CSCDA and such additional person or persons, if any, duly designated by CSCDA by a resolution to sign documents on its behalf, and (b) when used with respect to Fee Recipient, any person or persons duly designated by Fee Recipient in writing to act on its behalf.

“Bond Counsel” means Orrick, Herrington & Sutcliffe LLP, or any other

nationally recognized firm appointed by CSCDA to serve as bond counsel in connection with the issuance of Bonds.

“Bonds” means bonds issued by CSCDA to finance development impact fees, including the Fees, in connection with SCIP.

“SCIP Account” means any of the accounts with CSCDA held by the SCIP Trustee and administered by the SCIP Program Administrator, established under any trust agreement in connection with the issuance of Bonds to finance the Fees, in which certain amounts collected on behalf of the Fee Recipient in connection with SCIP are held.

“SCIP Participant” means the City of Roseville, California.

“CSCDA” means the California Statewide Communities Development Authority, its successors and assigns.

“Fee Recipient” means the South Placer Wastewater Authority, a California joint powers authority.

“Fees” means those certain development-related fees to be financed through SCIP, approved by Bond Counsel and payable from time to time to Fee Recipient.

“SCIP” means the Statewide Community Infrastructure Program, a program of CSCDA.

“SCIP Funds” means payments of Fees received by Fee Recipient, as more fully described in Section 3, together with all of the investment earnings on such Fees.

“SCIP Program Administrator” means BLX Group LLC, its successors and assigns or any other administrator appointed by CSCDA as the administrator of SCIP.

“SCIP Trustee” means Wilmington Trust, National Association, its successors and assigns.

Section 2. Collection of Fees; SCIP Financing.

(a) Fee Recipient acknowledges that it has the authority to collect and use the Fees for its own benefit. Fee Recipient acknowledges that, subject to approval as set forth in Section 3, the Fees may be financed through SCIP, and agrees to allow the SCIP Participant to collect the Fees from time to time with respect to Developers applying for SCIP financing on the Fee Recipient’s behalf (i) from such Developers prior to the issuance of a particular series of Bonds, or (ii) from proceeds of a particular series of Bonds following the issuance of such Bonds.

(b) For any Developer applying for SCIP financing of Fees pertaining to a project within the jurisdiction of the SCIP Participant, the SCIP Participant agrees to collect the Fees from time to time for the Fee Recipient’s benefit. Upon collection, the SCIP Participant shall remit the Fees to CSCDA, to be deposited as set forth in Section 4.

Section 3. Approval of Fees. The Authorized Officers of Fee Recipient, or their designees, are authorized under this Agreement to approve the financing of Fees through SCIP for only the Projects listed in Exhibit A. No Fee may be financed through SCIP except with the written approval of an Authorized Officer of Fee Recipient or his designee, which approval shall be evidenced by the signature of such Authorized Officer next to each such Fee shown on Exhibit A attached hereto or in such other written form as may be acceptable to the parties hereto. The written approval of an Authorized Officer shall constitute approval for the financing of such authorized fees for only the SCIP Applications received by CSCDA associated with the Projects listed in Exhibit A. Any other applications which may be received by CSCDA requesting financing of such authorized fees for a given project shall require the approval of an additional Fee Collection and Disbursement Agreement between the Fee Recipient, the SCIP Participant and CSCDA.

Section 4. Agreement to Hold Fees in SCIP Account. CSCDA agrees to receive or cause to be received by the SCIP Trustee the Fees collected by the SCIP Participant on behalf of the Fee Recipient. CSCDA shall establish or cause to be established within the SCIP Account a separate subaccount (the "SPWA Subaccount"). The Fees financed using Bond proceeds shall be deposited in the SPWA Subaccount and held there by the SCIP Trustee and segregated from all other funds within the SCIP Account, and except for investment purposes, shall not be commingled with any other funds held by the SCIP Trustee. Investment earnings on the SPWA Subaccount shall be retained in the such subaccount for the benefit of the Fee Recipient except to the extent a portion of such earnings are requested to pay rebate or yield reduction payments to the U.S. Treasury pursuant to the Internal Revenue Code. Amounts on deposit in the SPWA Subaccount shall be disbursed only in accordance with Section 5 of this Agreement. All Fees funded through Bond proceeds shall be deemed paid by the Developer in the amount of the Bond proceeds on the date that such Bond proceeds are deposited in the SCIP Account.

Section 5. Disbursements from SCIP Account. CSCDA shall disburse or cause to be disbursed moneys on deposit in the SPWA Subaccount only as provided herein. Moneys on deposit in the SPWA Subaccount shall be disbursed pursuant to written requisitions of the Fee Recipient, in substantially the form attached hereto as Exhibit B and executed by an Authorized Officer of the Fee Recipient. CSCDA, the SCIP Program Administrator and the SCIP Trustee may conclusively rely on such requisitions for purposes of making such disbursements.

All disbursements from the SPWA Subaccount to the Fee Recipient shall be made by wire transfer of immediately available funds or by check payable to the Fee Recipient's bank account number at a bank located within the United States on file with the SCIP Trustee, unless another method of payment is requested in writing by the Fee Recipient.

Section 6. Term of this Agreement. This Agreement shall be in full force and effect from this date to and including its termination by mutual written agreement of the parties hereto. CSCDA agrees to terminate this agreement upon request of Fee Recipient upon delivery to CSCDA of an opinion Bond Counsel to the effect that the termination of this Agreement will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Section 7. Amendment of this Agreement. This Agreement may be amended only by a written instrument executed by the parties hereto; provided that any such amendment shall be conditioned upon delivery to CSCDA of an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Section 8. Successors in Interest. This Agreement and all of the provisions hereof shall be binding on the parties hereto and their successors and assigns.

Section 9. Third Party Beneficiaries. The SCIP Program Administrator is expressly declared to be a third party beneficiary of this Agreement. No other third party beneficiary of this Agreement is intended or implied. Except as to the express third party beneficiary identified herein, nothing contained in the Agreement shall give or allow any claim or right of action whatsoever by any other third party.

Section 10. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 11. Choice of Law; Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California. Any legal action arising out of this Agreement shall be filed in and adjudicated by a court of competent jurisdiction in the County of Sacramento, State of California.

Section 12. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

Section 13. Notices. Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to this Agreement shall be addressed to the appropriate party at the addresses set forth below.

Fee Recipient: South Placer Wastewater Authority
City of Roseville
ATTN: Wastewater Utility Manager
2005 Hilltop Circle
Roseville, CA 95747

SCIP Participant: City of Roseville
ATTN: Economic Development Manager
311 Vernon Street
Roseville, CA 95678

CSCDA:

California Statewide Communities Development Authority
1100 K Street, Suite 101
Sacramento, CA 95814
Attention: Treasurer

IN WITNESS WHEREOF, each Party has executed this Agreement as of the date set forth beside their signatures below.

Dated: _____, 2019

South Placer Wastewater Authority

Name:

Title:

Dated: _____, 2019

City of Roseville

Name:

Title:

Dated: _____, 2019

California Statewide Communities Development
Authority

Authorized Signatory

EXHIBIT A

Approved Fees

Fee	Project	Expected Amount	Approved by Authorized Officer	Date
Regional Sewer Fee	City of Roseville - Campus Oaks Apartments (Phase I)	\$1,426,158.60 ¹		
Regional Sewer Fee	City of Roseville - Campus Oaks Apartments (Phase II)	\$1,476,000.00 ²		
Total	2 Projects	\$2,902,158.60		

1. Actual Sewer Fee Amount paid for the Phase I Project by the Developer, Campus Oaks Apartments 1 LP
2. Estimated Sewer Fee Amount to be paid for the Phase II Project by the Developer, Campus Oaks Apartments 1 LP

Treasury Regulations 1.150-2, to reimburse itself with respect to expenditures made from the Fees Sub-accounts referenced above in the amount requested.

5. The amounts being disbursed pursuant to this request are being used to finance or refinance certain public infrastructure and facilities (the "Improvements"). South Placer Wastewater Authority will own, and for the entire useful life of such Improvements reasonably expects to own, all of such Improvements. To the extent any of such Improvements are sold to an entity that is not a state or local government agency, South Placer Wastewater Authority will seek the advice and approval of bond counsel to the Authority prior to any such sale. South Placer Wastewater Authority will not allow any of such Improvements to be used (for example, by lease or other contract) in the trade or business of any nongovernmental persons (other than in their roles as members of the general public). All of such Improvements will be used in the performance of essential governmental functions of South Placer Wastewater Authority or another state or local government agency. The average expected useful life of such Improvements is at least 20 years. The representations and covenants contained in this paragraph are intended to support the conclusion that the interest paid on the bonds issued to finance the Improvements is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code").

Dated: _____

Signature: _____

Print Name: _____

RESOLUTION NO. 2019-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH PLACER WASTEWATER AUTHORITY APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A FORM OF FEE COLLECTION AND DISBURSEMENT AGREEMENT RELATING TO THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY STATEWIDE COMMUNITIES INFRASTRUCTURE PROGRAM

WHEREAS, in connection with the extension of wastewater services to certain owners of real property (each a "Property Owner") within the jurisdiction of the South Placer Wastewater Authority (the "Authority"), the Authority is entitled to receive from such Property Owners development-related fees for the construction of certain public capital improvements (the "Fees");

WHEREAS, the Fees are eligible for financing through the California Statewide Communities Development Authority ("CSCDA") Statewide Community Infrastructure Program ("SCIP");

WHEREAS, on City of Roseville (the "City of Roseville") authorized CSCDA to conduct the special assessment proceedings and levy assessments within the territory of the City of Roseville for the financing of development impact fees;

WHEREAS, in order to allow the Fees to be financed through SCIP, the Authority has requested that CSCDA collect and fund the Fees from (i) the proceeds of bonds (the "Bonds") issued through SCIP to finance assessment liens levied on the property of such Property Owners and/or (ii) prepayments of such assessment liens made by the Property Owners ("Property Owner Prepayments") directly to CSCDA;

WHEREAS, in connection with the issuance of bonds through SCIP, CSCDA will establish for the Authority an account with CSCDA held by Wilmington Trust, National Association, as trustee (the "SCIP Trustee") and administered by BLX Group, LLC (the "SCIP Program Administrator") in which certain amounts collected by CSCDA on behalf of the Authority in connection with SCIP (including from bond proceeds) are to be held (the "SCIP Account");

WHEREAS, in accordance with the Authority's request, and in order to allow the Fees to be financed through SCIP, CSCDA has determined to collect and fund the Fees on the Authority's behalf and to remit the portion of the Fees financed with proceeds of the Bonds and Property Owner Prepayments to the SCIP Account, and to make or cause to be made disbursements from such subaccount in accordance with properly executed requisitions of the Authority;

WHEREAS, there is now before the Authority a form of Fee Collection and Disbursement Agreement among the Authority, the City of Roseville, and CSCDA; and

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

Section 1. The foregoing recitals are true and correct, and this Board of Directors so finds and determines.

Section 2. The form of Fee Collection and Disbursement Agreement among the Authority, the City of Roseville and CSCDA is hereby approved. The Executive Director of the Authority are each severally hereby authorized and directed to execute and deliver one or more Fee Collection and Disbursement Agreement in substantially said form, with any changes therein as may be necessary by the Authority's Board of Directors, such approval to be conclusively evidenced by the execution and delivery of the Fee Collection and Disbursement Agreement.

Section 3. The appropriate officials and staff of the Authority are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements and related documents, including but not limited to such documents as may be required by Bond Counsel, to implement the transaction contemplated by the Fee Collection and Disbursement Agreement and to evidence compliance with the requirements of federal and state law in connection with the issuance by CSCDA of any taxable or tax-exempt bonds for SCIP.

Section 4. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the South Placer Wastewater Authority this 31st day of January, 2019.

I, the undersigned, DO HEREBY CERTIFY that the foregoing resolution was duly adopted by the Authority at a duly called meeting of the Authority held in accordance with law on January 31, 2019.

* * * * *

PASSED AND ADOPTED this 31st day of January, 2019, by the following vote:

AYES: Five, Allard, Alvord, Mitchell, Weygandt

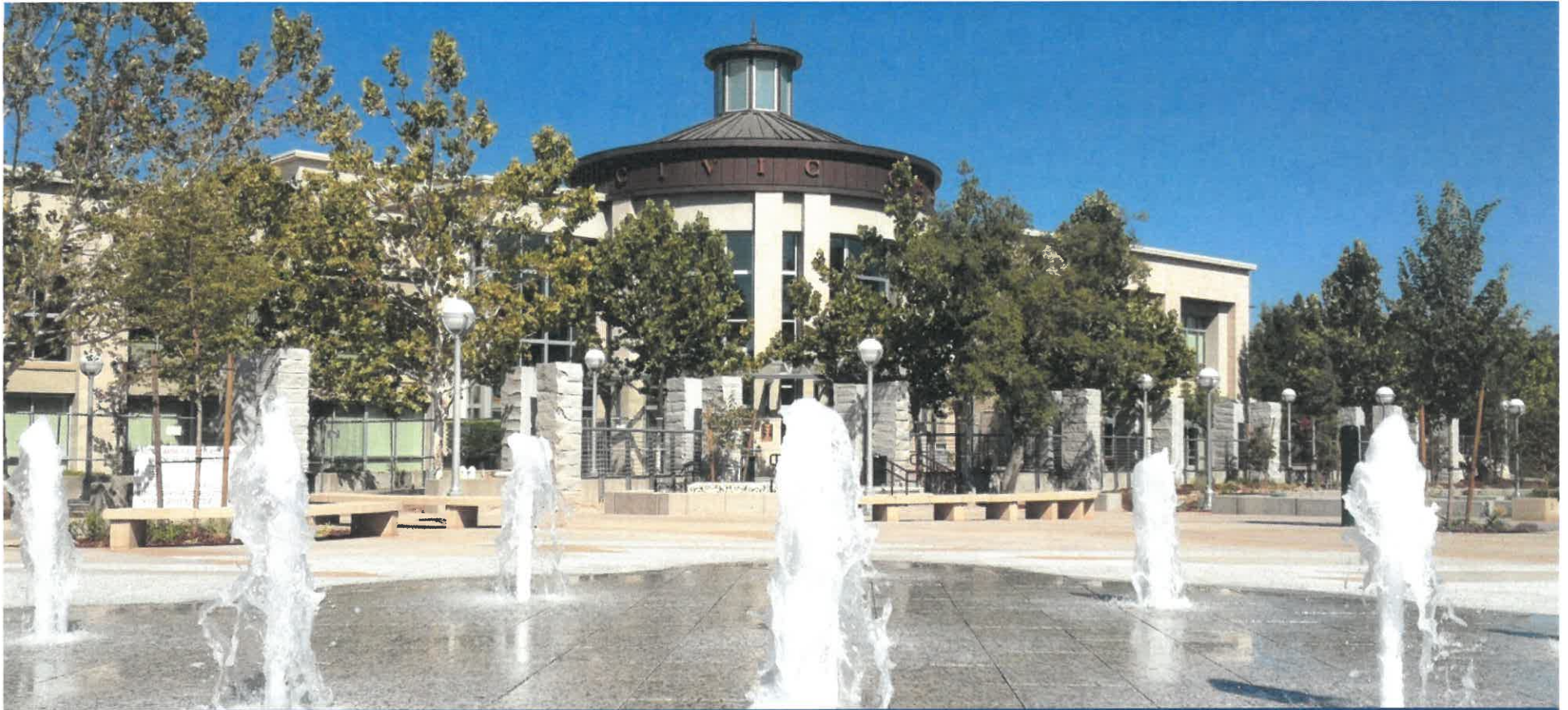
NOES: —

ABSENT: —

By 
Chairperson

ATTEST:


Secretary



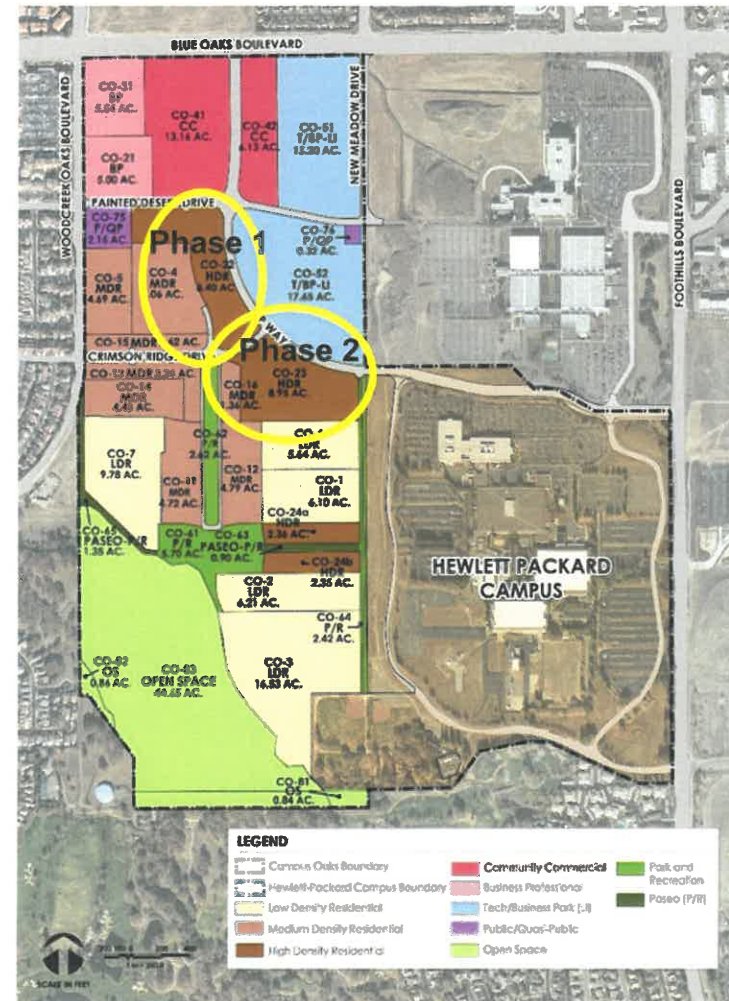
Campus Oaks Phase I & II SCIP Program Participation

Wayne Wiley, Economic Development Analyst



HP Campus Oaks Master Plan

- 948 Residential Units
 - 230 LDR
 - 261 MDR
 - 457 HDR
- 170,000 sq.ft. of CC
- 60,000 sq.ft. of BP
- 300,000 sq.ft. of LI
(Tech/Business Park)
- Fire Station, Well Site
- 19.44 acres Parks
- 2 acres Open Space



Finance Request

- Finance up to \$3.028 million in regional sewer fees through SCIP.
- Phase I includes \$1,426,158 and Phase II is estimated at \$1,602,216.
- Proposed request will support development that contributes to City affordable housing stock and helps meet the RHNA needs.

Agency Benefits

- The participating agency is not liable to repay the bonds issued by CSCDA or the assessments imposed on the participating properties.
- CSCDA handles all administration functions.
- Participating helps cushion the impact of rising public capital improvements costs and development impact fees on property owners.
- Availability of SCIP financing encourages developers to pull building permits and pay fees in larger blocks.

Proposed Resolution

- Authorizes CSCDA to accept an application for the inclusion of project wastewater / sewer connection fees into SCIP
- Approves an agreement between SPWA, ~~City of Roseville~~ and CSCDA
- Development Impact Fees will be financed through SCIP with bond proceeds disbursed to SPWA and reimbursed to property owner
- Agencies are expected to be able to reasonably expend the financed fees on capital expenditures within a 3 year time period (or as otherwise generally determined appropriate).

Recommendation

Staff recommends the Board:

- Adopt a resolution authorizing the inclusion of the Campus Oaks Project, Phase I and II regional sewer fee into the Statewide Communities Infrastructure Program (SCIP).

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 8, 2019
 Board of Directors

FROM: Teri Quinlan, Financial Analyst
 Dennis Kauffman, Treasurer

AUTHORITY COMMUNICATION NO: 19-04

SUBJECT: Debt Review – FY2018-19

For SPWA Board Meeting 1/31/19

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

The following report details a review of the Authority's outstanding debt, market commentary, and debt service budget, actual, and remaining forecast for FY2018/19.

SUMMARY OF OUTSTANDING DEBT

The South Placer Wastewater Authority currently has \$144.3 million of debt outstanding shown in the table below. Of the outstanding debt, 59% is fixed-rate and 41% is variable rate. The debt is currently rated 'A+' by Standard & Poor's and Fitch Ratings. The Authority entered into an interest-rate swap with Morgan Stanley which is also referred to as a "synthetic" fixed-rate debt. The swap acts as a fixed-rate hedge for about half of the Series 2013 variable rate bonds. When including the interest rate swap hedge, 23% of the Authority's debt portfolio is considered unhedged variable rate debt.

Summary of Outstanding Debt							
Series	Type	Issues Size	Outstanding Par	Coupon Range	Final Maturity	Expiration Date	% of Total Debt
2011C	Fixed	\$19,075,000	\$10,210,000	5.00%	11/1/2020	None	7.1%
2013	Variable	\$59,330,000	\$59,330,000	70.5% of 1m LIBOR + 0.55%	11/1/2035	4/1/2020	41.1%
2017	Fixed	\$74,780,000	\$74,780,000	5.00%	11/1/2037	None	51.8%
Total			\$144,320,000				

Summary of Outstanding Swap						
Counterparty	Current Notional	SPWA Pays	SPWA Receives	Final Maturity	MTM Value (as of 12/31/2018)	Counterparty Ratings
Morgan Stanley	\$25,680,000	3.655%	62% of 1m LIBOR +0.26%	11/1/2023	(\$1,300,825)	BBB+ / A3 / A (S&P / Moody's / Fitch)

MARKET COMMENTARY

The Federal Reserve increased the federal funds rate, the chief driver of short-term interest rates, by 0.25% four times in 2018. The federal funds rate moved from an interest rate range of 1.25% - 1.50% in January 2018 to 2.25% - 2.50% in December 2018. The Federal Reserve has signaled a desire to raise rates in the near term future but current market developments may cause a slow down or even a reversed course to interest rate hikes. Current projections indicate that the next Federal Reserve interest rate action is now more likely to be a rate cut than a hike although not for another year. These rate changes materially influence short-term interest rates including LIBOR. The bond market, which priced in multiple rate increases has stepped back in recent months as the economy slows and inflation recedes.


The two-year Treasury yield, trading at 2.97% in November 2018, is down 55 basis points to 2.42% despite the December 2018 rate increase. The 10-year Treasury yield has shed 64 basis points since November 8th and is currently trading at 2.58%, just 4 basis points higher than it was in December 2017.

BUDGET, ACTUAL, and FORECASTED ESTIMATES


As mentioned earlier, the Authority has a swap in place to synthetically fix the interest rates on the Series 2013 bonds. The swap functions as follows: the Authority pays a fixed interest rate of 3.665% to Morgan Stanley and in return receives an interest payment equal to 62% of the 1-month LIBOR rate plus 26 basis points. As a result, the net interest rate paid through December is approximately 2.02%. As stated in the market commentary section, the schedule of future rate increases from the Federal Reserve is uncertain. Since July, rates have increased slightly from 1.56% to about 1.82% on the 2013 bonds. Staff has forecasted interest rates to reset at approximately 1.50% - 1.70% for the remainder of the year. The current projection for all debt service in FY 2018/19 is estimated to align with the annual budget. Therefore, no budget changes are proposed at this time.

Bond Series	Annual Budget	Debt Service Paid 7/1/2018 - 12/31/2018	Estimated Remaining Debt Service	Estimated Total FY19 Debt Service	Proposed Budget Changes
Swap	\$ 950,000	\$ 210,962	\$ 440,000	\$ 650,962	\$ -
2011C	5,215,250	4,836,667	333,746	5,170,413	-
2013	950,000	523,875	770,000	1,293,875	-
2017	3,739,000	1,246,333	2,492,667	3,739,000	-
Total	\$ 10,854,250	\$ 6,817,837	\$ 4,036,413	\$ 10,854,250	\$ -

Submitted by:


Teri Quinlan
Financial Analyst


Dennis Kauffman
Treasurer


Ken Glotzbach
Director

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2019

FROM: Jacquie Clarizio – Financial Analyst

AUTHORITY COMMUNICATION NO: 19-05

SUBJECT: Investment Review

For SPWA Board Meeting 1/31/19

ACTION REQUESTED

None required. This is an information item.

BACKGROUND

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

INVESTMENTS

The Schedule of Investments for November 30 2018 is attached to this report. The yield-to-market on the invested funds as of November 2018 was 2.070%.

Additional Accumulated Funds

The remaining funds, \$8.55m, are the Authority's bond reserve funds held by the fiscal agent.

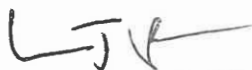
Submitted by:



Jacquie Clarizio
Financial Analyst



Dennis Kauffman
Treasurer



Ken Glotzbach
Executive Director



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

City of Roseville CA

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C
City of Roseville Cash Pool*	6,369,759.56	6,369,759.56	6,369,759.56	5.38	1	1	2.054
Money Market Funds	1,497,327.64	1,497,327.64	1,497,327.64	1.27	1	1	1.806
Local Agency Investment Funds	19,474,271.81	19,474,271.81	19,474,271.81	16.46	1	1	2.144
Corporate Notes	28,350,000.00	27,518,500.00	28,086,505.37	23.72	1,651	1,173	2.532
Federal Agency Coupon Securities	54,000,000.00	53,180,700.00	53,997,889.44	45.84	1,598	290	1.786
Federal Agency Disc. -Amortizing	6,000,000.00	5,918,500.00	5,919,759.99	5.00	221	195	2.513
Supra-National Agency Bond	3,000,000.00	3,000,540.00	3,000,000.00	2.54	1,813	1,749	2.750
Investments	118,691,359.01	116,959,599.01	118,325,513.81	100.00%	1,178	465	2.097

Total Earnings	November 30 Month Ending	Fiscal Year To Date
Current Year	195,657.43	571,202.80
Average Daily Balance	121,097,005.01	121,697,068.04
Effective Rate of Return	1.97%	1.12%

*Estimated balance as of 11/30/2018
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 Gotsch, Executive Director


Jay Kanyica, Treasurer

1-2-18
DATE
12/19/18
DATE

Reporting period 11/01/2018-11/30/2018

Run Date: 12/19/2018 - 09:37

Portfolio SPWA
AP
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.5

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

November 30 Month Ending

Fiscal Year To Date

CD/Coupon/Discount Investments:

Interest Collected	110,045.83	478,902.77
Plus Accrued Interest at End of Period	462,325.00	462,325.00
Less Accrued Interest at Beginning of Period	(429,963.12)	(272,777.01)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	142,407.71	688,450.76
Adjusted by Premiums and Discounts	15,545.21	19,289.85
Adjusted by Capital Gains or Losses	-16,746.50	-416,746.50
Earnings during Periods	141,206.42	270,994.11

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	5,127,656.13	5,127,656.13
Less Accrued Interest at Beginning of Period	(5,073,205.12)	(4,827,447.44)
Interest Earned during Period	54,451.01	300,208.69

Total Interest Earned during Period	196,858.72	968,659.46
Total Adjustments from Premiums and Discounts	15,545.21	19,289.85
Total Capital Gains or Losses	-16,746.50	-416,746.50
Total Earnings during Period	195,657.43	571,202.80



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

City of Roseville CA

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
City of Roseville Cash Pool*											
SYS10048	10048	City of Roseville Cash Pool	07/01/2018	6,369,759.56	6,369,759.56	6,369,759.56	2.054	2.025	2.054		1
Subtotal and Average				6,369,759.56	6,369,759.56	6,369,759.56		2.026	2.054		1
Money Market Funds											
431114503	10434	US BANK	07/01/2018	1,497,327.64	1,497,327.64	1,497,327.64	1.806	1.781	1.806		1
Subtotal and Average				1,497,327.64	1,497,327.64	1,497,327.64		1.781	1.806		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2018	19,474,271.81	19,474,271.81	19,474,271.81	2.144	2.114	2.144		1
Subtotal and Average				19,474,271.81	19,474,271.81	19,474,271.81		2.116	2.144		1
Corporate Notes											
037833CC2	10637	APPLE INC GLOBAL NOTES	08/17/2016	2,851,824.58	2,850,000.00	2,730,300.00	1.550	1.504	1.525	08/04/2021	977
14912L6F3	10623	CATERPILLAR FINANCIAL SE	01/11/2016	1,002,006.50	1,000,000.00	991,340.00	2.250	2.234	2.265	12/01/2019	365
166764BN9	10660	CHEVRON CORP NOTE	11/07/2018	973,933.78	1,000,000.00	969,770.00	2.498	3.304	3.349	03/03/2022	1,188
22160KAG0	10617	COSTCO WHOLESALE	10/13/2015	1,001,738.16	1,000,000.00	983,140.00	1.750	1.754	1.778	02/15/2020	441
40428HPV8	10618	HSBC USA Global Notes	10/09/2015	2,007,218.36	2,000,000.00	1,979,200.00	2.750	2.735	2.772	08/07/2020	615
459200JC6	10655	IBM CORP GLOBAL NOTES	08/23/2018	2,970,816.89	3,000,000.00	2,899,890.00	2.875	2.896	2.936	11/09/2022	1,439
589331AT4	10646	MERCK & CO INC	05/23/2018	2,918,529.12	3,000,000.00	2,889,570.00	2.400	2.441	2.475	09/15/2022	1,384
68371RP59	10653	PACCAR FINL CORP	08/23/2018	2,014,933.03	2,000,000.00	2,001,520.00	3.400	3.181	3.226	08/09/2023	1,712
747525AD5	10619	QUALCOMM INC	10/09/2015	1,502,082.65	1,500,000.00	1,475,460.00	2.250	2.120	2.150	05/20/2020	536
828807CN5	10650	SIMON PROP GR LP	05/24/2018	1,940,088.92	2,000,000.00	1,926,180.00	2.750	2.808	2.845	02/01/2023	1,523
89236TEL5	10656	TOYOTA MOTOR CREDIT CORP COMM	08/23/2018	2,949,719.39	3,000,000.00	2,897,400.00	2.700	2.742	2.780	01/11/2023	1,502
911312BC9	10684	UNITED PARCEL SERVICE	11/07/2018	967,231.68	1,000,000.00	966,860.00	2.350	3.316	3.362	05/16/2022	1,262
931142DH3	10654	WALMART	08/23/2018	1,959,375.78	2,000,000.00	1,929,340.00	2.550	2.594	2.630	04/11/2023	1,592
949746SA0	10639	WELLS FARGO & COMPANY	08/05/2018	3,007,008.53	3,000,000.00	2,878,530.00	2.100	1.979	2.006	07/26/2021	968
Subtotal and Average				28,086,505.37	28,350,000.00	27,518,500.00		2.498	2.632		1,182
Federal Agency Coupon Securities											
3130A93A7	10640	Federal Home Loan Bank	08/24/2016	2,000,000.00	2,000,000.00	1,948,760.00	1.750	0.986	1.000	08/24/2021	997
3130AFE29	10665	Federal Home Loan Bank	11/27/2018	2,000,000.00	2,000,000.00	2,001,560.00	3.350	3.304	3.350	11/27/2023	1,822
3134G7S77	10616	Federal Home Loan Mtg Corp	10/29/2015	1,998,853.33	2,000,000.00	1,983,060.00	1.500	1.152	1.168	10/29/2020	698
3134G8VZ9	10626	Federal Home Loan Mtg Corp	04/28/2016	4,000,000.00	4,000,000.00	3,926,000.00	1.500	1.232	1.250	04/28/2021	879
3134G8AD9	10627	Federal Home Loan Mtg Corp	04/28/2016	2,000,000.00	2,000,000.00	1,935,760.00	1.500	1.479	1.500	04/28/2021	879

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

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
Federal Agency Coupon Securities											
3134G9KW6	10629	Federal Home Loan Mtg Corp	05/26/2016	5,000,000.00	5,000,000.00	4,928,450.00	1.350	1.331	1.350	11/26/2019	360
3134G9KB2	10632	Federal Home Loan Mtg Corp	06/13/2016	5,000,000.00	5,000,000.00	4,912,850.00	1.750	1.232	1.249	06/09/2021	921
3134G9QV2	10633	Federal Home Loan Mtg Corp	06/15/2016	5,000,000.00	5,000,000.00	4,898,400.00	1.450	1.430	1.450	06/15/2020	562
3134G94K0	10638	Federal Home Loan Mtg Corp	08/10/2016	2,500,000.00	2,500,000.00	2,456,800.00	1.310	1.292	1.310	02/10/2020	436
3134GAEF7	10643	Federal Home Loan Mtg Corp	09/29/2016	3,500,000.00	3,500,000.00	3,381,980.00	1.650	1.627	1.650	08/29/2021	1,033
3134GAVP6	10645	Federal Home Loan Mtg Corp	11/04/2016	2,000,000.00	2,000,000.00	1,961,600.00	1.100	1.084	1.100	11/04/2021	1,069
3134GSNE1	10651	Federal Home Loan Mtg Corp	06/14/2018	5,000,000.00	5,000,000.00	4,994,200.00	2.700	3.270	3.316	06/14/2023	1,656
3134GSQA6	10652	Federal Home Loan Mtg Corp	06/28/2018	5,000,000.00	5,000,000.00	4,995,650.00	2.500	2.465	2.500	06/28/2021	940
3134GSWL5	10658	Federal Home Loan Mtg Corp	09/26/2018	1,999,036.11	2,000,000.00	1,999,980.00	3.000	3.540	3.589	09/26/2023	1,760
3136G3SD8	10635	Federal National Mtg Assn	06/13/2016	5,000,000.00	5,000,000.00	4,927,050.00	1.330	1.311	1.330	12/13/2019	377
3136G3VK8	10636	Federal National Mtg Assn	07/21/2016	2,000,000.00	2,000,000.00	1,928,600.00	1.500	1.479	1.500	07/21/2021	963
Subtotal and Average				53,997,889.44	54,000,000.00	53,180,700.00		1.762	1.786		901
Federal Agency Disc. -Amortizing											
313384ED7	10661	Federal Home Loan Bank	11/05/2018	1,982,883.33	2,000,000.00	1,982,500.00	2.370	2.427	2.461	04/10/2019	130
313384GV5	10662	Federal Home Loan Bank	11/05/2018	1,973,702.22	2,000,000.00	1,973,120.00	2.440	2.505	2.540	06/13/2019	194
313384KR9	10663	Federal Home Loan Bank	11/05/2018	1,963,174.44	2,000,000.00	1,962,680.00	2.530	2.605	2.641	08/20/2019	262
Subtotal and Average				5,919,759.99	6,000,000.00	5,918,600.00		2.613	2.648		195
Supra-National Agency Bond											
45905UW75	10657	INTL BANK OF RECON AND DEV	09/28/2018	3,000,000.00	3,000,000.00	3,000,540.00	2.750	2.712	2.750	09/15/2023	1,749
Subtotal and Average				3,000,000.00	3,000,000.00	3,000,540.00		2.712	2.750		1,749
Total Investments and Average				118,325,513.81	118,691,359.01	116,959,599.01		2.070	2.099		746



BNY MELLON

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

Account Statement

Statement Period 12/01/2018 Through 12/31/2018

Account 322068 Base Currency = USD
SO PLACER 2011 AND 2017 PARITY RES

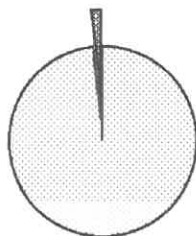
CLIENT SERVICE MANAGER: MILLY CANESSA
BNYM CORPORATE TRUST
100 PINE STREET, SUITE 32
SAN FRANCISCO, CA 94111
415-263-2420
MILLY.CANESSA@BNYMELLON.COM

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Account Overview



Percent of all Investments	Asset Classification	Market Value
100% ☺	FIXED INCOME	8,502,635.00
<1% ☹	CASH AND SHORT TERM	55,642.42
100%	TOTAL OF ALL INVESTMENTS	8,558,277.42

Summary of Assets Held by Asset Classification

Asset Classification	Market Value	Cost	Accrued Income	Estimated Annual Income	Market Yield
FIXED INCOME	8,502,635.00	8,500,000.00	83,819.44	212,500.00	2.50 %
CASH AND SHORT TERM	55,642.42	55,642.42	0.00	1,337.64	2.40 %
ACCOUNT TOTALS	8,558,277.42	8,555,642.42	83,819.44	213,837.64	2.50 %

Summary of Cash Transactions by Transaction Category

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	83.19	0.00	0.00	6,139.76	0.00
INTEREST	0.00	0.00	0.00	54,643.25	0.00
SALES AND REDEMPTIONS	0.00	0.00	0.00	212,045.18	16,327,866.23



BNY MELLON

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

Statement Period 12/01/2018 Through 12/31/2018
Account 322068 Base Currency = USD
SO PLACER 2011 AND 2017 PARITY RES

Summary of Cash Transactions by Transaction Category - Continued

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OTHER CASH ADDITIONS	0.00	0.00	0.00	0.00	190,100.16
OTHER CASH DISBURSEMENTS	0.00	0.00	0.00	190,100.16 -	0.00
PURCHASES	83.19 -	0.00	0.00	82,728.03 -	16,517,966.39 -
CLOSING BALANCE	0.00	0.00	0.00	0.00	0.00

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



BNY MELLON

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

Statement Period 12/01/2018 Through 12/31/2018
Account 322068 Base Currency = USD
SO PLACER 2011 AND 2017 PARITY RES

Statement of Assets Held by Asset Classification

Shares/Par Value	Asset Description	Market Price	Market Value	Cost	Average Cost	Accrued Income	Estimated Income	Market Yield
FIXED INCOME								
8,500,000.000	FEDERAL HOME LOAN MORTGAGE CORP CUSIP: 3134GSUK9 MATURITY DATE: 08/09/2021 RATE: 2.500% MOODY'S Aaa S&P AA+	100.03100	8,502,635.00	8,500,000.00	100.00000	83,819.44	212,500.00	2.50%
Total FIXED INCOME			8,502,635.00	8,500,000.00		83,819.44	212,500.00	2.50%
CASH AND SHORT TERM								
53,236.850	DREYFUS INS RES TSY AGY CH ADV 6541 CUSIP: X9USDEFRU	1.00000	53,236.85	53,236.85	1.00000	0.00	1,279.81	2.40%
2,405.570	INSTL RES TRE AND AGNY CASH ADV6541 CUSIP: X9USDEFRU	1.00000	2,405.57	2,405.57	1.00000	0.00	57.83	2.40%
Total CASH AND SHORT TERM			55,642.42	55,642.42		0.00	1,337.64	2.40%
ACCOUNT TOTALS			8,558,277.42	8,555,642.42		83,819.44	213,837.64	2.50%

Total Market Value Plus Total Accrued Income 8,642,096.86

Statement of Transactions by Transaction Date

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
12/01/18	ACCOUNT OPENING PERIOD BALANCE	0.00	0.00	8,555,559.23	
12/04/18	Purchase INSTL RES TRE AND AGNY CASH ADV6541 TRADE DATE 12/04/18 SET/DATE 12/04/18 CUSIP X9USDEFRU 83.190 SHARES	83.19-	0.00	83.19	0.00
12/04/18	Dividend DREYFUS INS RES TSY AGY CH ADV 6541 TRADE DATE 12/04/18 SET/DATE 12/04/18 CUSIP X9USDEFRU	83.19	0.00	0.00	0.00
12/04/18	ACCOUNT CLOSING DAILY BALANCE	0.00	0.00	8,555,642.42	0.00
12/31/18	ACCOUNT CLOSING PERIOD BALANCE	0.00	0.00	8,555,642.42	0.00

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

Short Term: 0.00 * Long Term: 166,340.35-*



BNY MELLON

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

Statement Period 12/01/2018 Through 12/31/2018
Account 322068 Base Currency = USD
SO PLACER 2011 AND 2017 PARITY RES

Statement of Transactions by Transaction Date - Continued

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
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* The above gain and loss position does not include transactions where tax cost information is incomplete or unavailable.

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

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

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2019

FROM: Kenneth J. Glotzbach, Executive Director

AUTHORITY COMMUNICATION NO.: 19-06

SUBJECT: Capital Improvement Projects Budget and Update

For SPWA Board Meeting of January 31, 2019

ACTION REQUESTED

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

PROJECT UPDATES

Pleasant Grove WWTP Expansion and Energy Projects

Design work for the project 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 June 2019, the last SRF application review stage, legal review, has been completed. SRF Staff are presently preparing funding agreements that will be presented to the Roseville City Council for execution as soon as possible after they are complete.

Roseville Staff are now making preparations to request qualifications and proposals from potential construction contractors. Once the SRF process is complete and the funding agreements are executed, construction contractor proposals will be solicited. Staff expect to begin construction in the 2019 construction season.

A project budget adjustment is not necessary at this time for this project.

Other Project Updates

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

A project budget adjustment is not necessary for this project.

Submitted by:



Kenneth J. Glotzbach
Executive Director

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority Board of Directors

DATE: January 7, 2019

FROM: Nick Rosas, Accounting Supervisor

AUTHORITY COMMUNICATION NO.: 19-07

SUBJECT: Audited Financial Statement for the fiscal year ended June 30, 2018


For SPWA Board Meeting 1/31/19

ACTION REQUESTED

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

The attached audited financial statement and the communication to those charged with governance letter are for the fiscal year ended June 30, 2018. SPWA received an unmodified (clean opinion) and no findings were included in the report.

Submitted by:



Nick Rosas, CPA
Accounting Supervisor

Approved:



Dennis Kauffman
Treasurer



Ken Glotzbach
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY
CITY OF ROSEVILLE, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

SOUTH PLACER WASTEWATER AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

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

Report of the Financial Statements

We have audited the accompanying financial statements of the South Placer Wastewater Authority (Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Varnick, Trine, Day & Co LLP

Sacramento, California
December 21, 2018

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Cash and investments in City Treasury	\$ 13,312,121
Investments	106,427,877
Restricted investments with fiscal agent	38,286,793
Accounts receivable	973
Accrued interest receivable	511,219
Due from other governments	556,137
Total Assets	<u>159,095,120</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	1,444,926
Loss on refunding	1,822,622
Total Deferred Outflows of Resources	<u>3,267,548</u>

LIABILITIES

Current Liabilities:

Accounts payable and other liabilities	552,051
Interest payable	746,500
Long-term debt	
Due in one year	4,590,000

Long-term liabilities:

Derivative at fair value	1,444,926
Long-term debt	
Due in more than one year	161,554,374

Total Liabilities	<u>168,887,851</u>
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NET POSITION

Restricted for:

Rate stabilization	120,993,303
Debt service	8,543,070

Unrestricted (deficit)	<u>(136,061,556)</u>
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Total Net Position (Deficit)	<u>\$ (6,525,183)</u>
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See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

OPERATING REVENUES

Connection fees contributed by members \$ 17,759,800

OPERATING EXPENSES

Construction costs 1,986,175
Personnel services and administration 79,625
Total operating expenses 2,065,800
Operating income 15,694,000

NON-OPERATING REVENUES (EXPENSES):

Payments from the County under repayment agreement 500,000
Interest earned on connection fees 1,762,227
Interest earned on investments with fiscal agent 403,731
Net decrease in the fair value of investments (1,173,215)
Debt service interest, variable bond interest, fiscal agent fees, and amortization (10,439,280)
Total nonoperating revenues (expenses) (8,946,537)

Change in Net Position 6,747,463

Net Position (Deficit) - Beginning, as Restated (13,272,646)

Net Position (Deficit) - Ending \$ (6,525,183)

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from members	\$ 22,814,640
Payments to contractors	(2,116,380)
Payments to the City for personnel services and administration	<u>(79,625)</u>
Net cash provided by operating activities	<u>20,618,635</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts from the County under repayment agreement	500,000
Principal payments on capital debt	(61,250,000)
Interest paid on long-term debt	(14,552,519)
Costs of issuance	(390,383)
Proceeds from debt issuance	<u>92,000,595</u>
Net cash provided by capital and related financing activities	<u>16,307,693</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	<u>893,309</u>
Net increase in cash and cash equivalents	37,819,637
Cash and investments at beginning of year	<u>120,207,154</u>
Cash and investments at end of year	<u>\$ 158,026,791</u>

Reconciliation of cash and investments to the statement of net position:

Cash and investments in City Treasury	\$ 13,312,121
Investments	106,427,877
Restricted investments with fiscal agent	<u>38,286,793</u>
Total cash and investments	<u>\$ 158,026,791</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 15,694,000
Change in assets and liabilities:	
Accounts receivable	(973)
Due from other governments	5,055,813
Accounts payable and other liabilities	<u>(130,205)</u>
Net cash provided by operating activities	<u>\$ 20,618,635</u>

See accompanying notes to financial statements.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

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

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

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

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

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

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

The Reallocation and Repayment Agreement also provides for the County's elimination of the deficit in its Rate Stabilization Fund subaccount. The Agreement required the County to make an initial deposit of \$5,000,000 during fiscal year 2013, followed by quarterly payments of \$125,000. The County made reimbursement payments of \$500,000 during fiscal year 2018.

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

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

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

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

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

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

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Authority has two items that qualifies for reporting in this category. It is the accumulated decrease in the fair value of hedging derivatives and the loss on debt refunding reported in the statement of net position. An accumulated decrease in the fair value of hedging is equal to the fair value of the associated derivative instrument liability so long as the instrument is deemed an effective hedge. The loss on debt refunding is the difference between the book value and the reacquisition price of the debt that will be amortized over the term of the refunded bonds.

E. Cash and Cash Equivalents

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

F. Interest Income Allocation

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

G. Fair Value Measurement

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

The Authority is a participant in the City-wide cash and investment pool (City Pool). The City Pool is an external investment pool, is not rated, and is not registered with the Securities Exchange Commission (SEC). The City's Chief Financial Officer conducts City Pool oversight. Cash on deposit in the City Pool at June 30, 2018, is stated at fair value. The City Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The fair value adjustment at June 30, 2018 decreased the Authority's investment income by \$1,173,215. For further information regarding the City Pool, refer to the City of Roseville Comprehensive Annual Financial Report.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Position

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

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. At June 30, 2018, restrictions included:

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

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

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

I. Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

The Authority pools cash from all sources and all funds except cash with fiscal agents in the City's investment pool. The Authority's cash and investments balance held in the City's investment pool at June 30, 2018 is \$13,312,121. The City's investment pool is not rated and is not registered with the Securities Exchange Commission (SEC). The Authority's position in the City's investment pool at June 30, 2018 is stated at fair value. For further information regarding the City's investment pool, refer to the City of Roseville Comprehensive Annual Financial Report.

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

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. Classification

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

Investments in the City's Treasury Investments	\$ 13,312,121
Investments	106,427,877
Restricted investments with fiscal agent	<u>38,286,793</u>
Total Investments	<u>\$ 158,026,791</u>

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

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

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

- (A) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of \$500,000,000.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Investments Authorized by Debt Agreements

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

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

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

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

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

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

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

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

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

	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25-60 Months	
Federal Agency Securities	\$ -	\$ 25,206,512	\$ 41,515,060	\$ 66,721,572
Corporate Notes	3,990,390	4,447,610	12,437,806	20,875,806
Money Market Mutual Funds	37,839,737	-	-	37,839,737
City of Roseville Investment Pool	13,312,121	-	-	13,312,121
Local Agency Investment Fund	19,277,555	-	-	19,277,555
Total Investments	\$ 74,419,803	\$ 29,654,122	\$ 53,952,866	\$ 158,026,791

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments had an average maturity of 193 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2018 and had an average maturity of 17 days for the Dreyfus U.S. Treasury Money Market Fund and 20 days for the First American Money Market Fund.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2018, for each investment type as provided by standard and poor's investment rating system:

	<u>AA+/AA/AA-</u>	<u>A+/A/A-</u>	<u>Total</u>
<i>Investments:</i>			
Federal Agency Securities	\$ 66,721,572	\$ -	\$ 66,721,572
Corporate Notes	5,640,456	15,235,350	20,875,806
Totals	<u>\$ 72,362,028</u>	<u>\$ 15,235,350</u>	87,597,378
<i>Not Rated:</i>			
City of Roseville Investment Pool			13,312,121
Local Agency Investment Fund			19,277,555
Money Market Mutual Funds			<u>37,839,737</u>
Total Investments			<u>\$ 158,026,791</u>

F. Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2018:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 11,508,780
Federal Home Loan Mortgage Corp	Federal Agency Securities	\$ 40,328,470

G. Fair Value Measurements

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

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

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Fair Value Measurements (Continued)

The Authority has the following recurring fair value measurements as of June 30, 2018:

Investments at fair value	Amount	Significant Other Observable Inputs (Level 2)
Federal agency securities	\$ 66,721,572	\$ 66,721,572
Corporate notes	20,875,806	20,875,806
Money market mutual funds	37,839,737	37,839,737
Categorized investments	125,437,115	\$ 125,437,115
Local Agency Investment Fund - uncategorized	19,277,555	
City of Roseville Investment Pool - uncategorized	13,312,121	
Total investments	\$ 158,026,791	

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

NOTE 3 – CAPITAL ASSETS CONTRIBUTED TO THE CITY OF ROSEVILLE

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

Costs incurred by the Authority in fiscal year 2018 totaling \$2,065,798 were transferred as construction in progress to the City of Roseville as of June 30, 2018.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4 – LONG-TERM DEBT

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Current Portion
Revenue Bonds:						
2011 Refunding Wastewater Revenue Bonds, Series C						
1.00-5.25%, due 11/1/25	\$ 67,040,000	\$ 46,930,000	\$ -	\$ 32,130,000	\$ 14,800,000	\$ 4,590,000
Add: bond premium	5,240,941	2,948,029	-	2,073,220	874,809	-
2013 Variable Rate Demand Refunding Wastewater Revenue Bonds, Series 2013						
variable rate, due 11/1/35	59,330,000	59,330,000	-	-	59,330,000	-
2014 Wastewater Revenue Refunding Bonds, Series 2014						
variable rate (SIFMA rate plus 0.33%), due 11/1/17	29,120,000	29,120,000	-	29,120,000	-	-
2017 Wastewater Revenue Bonds, Series 2017						
5%, due 11/1/37	74,780,000	-	74,780,000	-	74,780,000	-
Add: bond premium	17,220,595	-	17,220,595	861,030	16,359,565	-
TOTAL		\$ 138,328,029	\$ 92,000,595	\$ 64,184,250	\$ 166,144,374	\$ 4,590,000

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

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

The Series 2011ABCD Bonds were issued to refund the remaining outstanding balance of the 2008 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds Series A and Series B. During fiscal year 2013, the 2011A and 2011B Bonds were refunded by the 2013 South Placer Wastewater Authority Refunding Wastewater Bonds. The 2011D Bonds were refunded in August 2014 by the 2014 Wastewater Revenue Refunding Bonds. In September 2017, the 2011C Bonds were partially refunded by the 2017 South Placer Wastewater Authority Revenue Bonds.

The remaining Series 2011C Bonds bear interest at 5.00% and are due semi-annually on May 1 and November 1 of each year. The Bonds are repayable solely from the Authority Revenues. Principal payments are due annually November 1 through 2020. The balance outstanding as of June 30, 2018 is \$14,800,000. The partial refunding resulted in an economic gain of \$2,808,916.

C. 2013 South Placer Wastewater Authority Wastewater Refunding Revenue Bonds

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

The 2013 Bonds were issued as variable rate securities with interest calculated monthly equal to the LIBOR Index Rate. The LIBOR Index Rate is defined in the Indenture to mean the per annum rate of interest established on each Computation Date (monthly) and effective on each related LIBOR Index Reset Date equal to the sum of the Applicable Spread (initially 0.625%, but adjustable based on the credit rating of the Roseville Finance Authority's long-term unenhanced debt secured or evidenced by a parity obligation) plus the product of the LIBOR Index multiplied by the Applicable Factor (initially 70.5%). The interest rate of the Bonds cannot exceed 12% per year and may be converted by the Authority into a Daily Rate, a Weekly Rate, a Long-Term Rate, a Commercial Paper Rate, or a subsequent Index Rate, subject to certain conditions defined in the Indenture. The interest rate at June 30, 2018 was 2.025%. The Bonds are subject to mandatory redemption annually beginning November 1, 2029 through 2035.

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 – LONG-TERM DEBT (Continued)

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

The Authority originally entered into a 19 year interest rate swap agreement for the entire amount of the 2008B Bonds, and as part of the issuance of the 2011 ABCD Bonds, the swap agreement was amended and remains in effect, but the notional amount of the swap is based on the notional amount of the 2008B Bonds. The interest rate swap agreement remains outstanding after the refunding and issuance of the 2013 Bonds, and the notional amount of the swap continues to be based on the notional amount of the 2008B Bonds. The combination of the variable rate bonds and the floating rate swap creates a synthetic fixed-rate debt for the Authority. The synthetic fixed rate for the 2011C and 2013 Bonds at June 30, 2018 was 4.094%.

D. 2014 South Placer Wastewater Authority Refunding Revenue Bonds

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

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

The 2014 Bonds are secured by a pledge of Authority Revenues, which include all amounts received by, or entitled to be received by, the Authority from the Participants (consisting of the City, SPMUD and the County) under provisions of the Funding Agreement. The Authority Revenues generally exclude Regional Connection Fees and amounts held in the Rate Stabilization Fund, unless certain conditions are met. In September 2017, the 2014 Bonds were fully refunded by the 2017 South Placer Wastewater Authority Revenue Bonds.

E. 2017 South Placer Wastewater Authority Refunding Revenue Bonds

On September 28, 2017, the South Placer Wastewater Authority issued the Wastewater Revenue bonds, Series 2017 in the amount of \$74,780,000.

The 2017 Bonds were issued for the purpose of providing funds, together with other available moneys, to (i) finance the Series 2017 Project, (ii) defease and redeem a portion of the Authority's Wastewater Revenue Refunding Bonds, Series 2011C (the "Series 2011C Bonds") and all of the Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds), (iii) fund a deposit to the Parity Reserve Fund, and (iv) pay costs of issuance of the Series 2017 Bonds.

Interest is semi-annually commencing in November 2018. Principal payments are due annually beginning in November 2021 and continuing through 2037.

As of June 30, 2018, the total principal and interest remaining to be paid on the 2011C Bonds, 2013 Bonds and the 2017 Bonds was \$206,805,613. As disclosed in the Indenture, net revenues of the respective systems of the members are expected to provide coverage over debt service of 110% over the lives of the Bonds, however the Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. As discussed in Note 1A, the members' monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and the Authority pays the debt service and other costs from the Account, based on each member's proportionate share. For fiscal year 2018, \$14,673,789 in debt service was paid from the Rate Stabilization Account.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4 – LONG-TERM DEBT (Continued)

F. Interest Rate Swap Agreement

The Authority entered into an interest rate swap agreement in connection with the 2008 Refunding Wastewater Revenue Bonds, Series B. The Authority amended the swap with the issuance of the 2017 Bonds, including reducing the notional amount of the 2008B Bonds.

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

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2018, is included below. The Authority’s swap agreement contains scheduled reductions to the outstanding notional amount, which is based on the amended notional amount of the 2008 Refunding Wastewater Revenue Bonds, Series B.

Notional Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate Received	Maturity/Termination Date
\$30,775,000	9/6/2017	Morgan Stanley Capital Services Inc.	BBB+	3.6650%	62% of 1m LIBOR plus 26 bps	11/1/2023

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

Fair value. Hedging derivative instruments are classified as Level 2 and are valued using a discounted cash flow technique. Fair value of the swap takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market’s best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. The Authority has accounted for the change in fair value of the swap as a deferred outflow. As of June 30, 2018, the fair value of the swap was not in favor of the Authority as follows:

Related Bond Issue	Fair Value
2011 Refunding Wastewater Revenue Bonds, series C and 2013 Refunding Wastewater Revenue Bonds	<u>\$ (1,444,926)</u>

SOUTH PLACER WASTEWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 – LONG-TERM DEBT (Continued)

F. Interest Rate Swap Agreement (Continued)

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

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

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

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

Rollover risk. Rollover risk is the risk that the swap associated with a debt issue matures or may be terminated prior to the maturity of the associated debt. When the swap terminates or a termination option is exercised by the counterparty, the Authority will be re-exposed to the risks being hedged by the swap. The swap based on the 2008 Refunding Wastewater Revenue Bonds, Series B, associated with the 2011C Refunding Wastewater Revenue Bonds and 2013 Refunding Wastewater Revenue Bonds, exposes the Authority to rollover risk because the swap terminates on November 1, 2023 the 2011C Bonds mature on November 1, 2020, and the 2013 Bonds mature on November 1, 2035.

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4 – LONG-TERM DEBT (Continued)

F. Interest Rate Swap Agreement (Continued)

Swap payments and associated debt. Using rates as of June 30, 2018, debt service requirements of the Bonds and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

For the Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2019	\$ 4,590,000	\$ 1,826,683	\$ 576,962	\$ 6,993,645
2020	4,925,000	1,588,808	467,528	6,981,336
2021	5,285,000	1,333,558	354,053	6,972,611
2022	-	1,201,433	236,363	1,437,796
2023	-	1,201,433	114,458	1,315,891
2024-2028	-	6,007,163	24,451	6,031,614
2029-2033	22,640,000	4,082,231	-	26,722,231
2034-2038	36,690,000	1,397,554	-	38,087,554
Totals	<u>\$ 74,130,000</u>	<u>\$ 18,638,863</u>	<u>\$ 1,773,815</u>	<u>\$ 94,542,678</u>

G. Debt Service Requirements

Annual debt service requirements, using interest rates as of June 30, 2018, are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
2019	4,590,000	5,565,683
2020	4,925,000	5,327,808
2021	5,285,000	5,072,558
2022	5,400,000	4,805,433
2023	5,790,000	4,525,683
2024-2028	34,010,000	17,796,413
2029-2033	40,925,000	10,028,111
2034-2038	47,985,000	4,773,924
Total	148,910,000	<u>\$ 57,895,613</u>

Reconciliation of long-term debt

Add bond premium	<u>17,234,374</u>
Net long-term debt	<u>\$ 166,144,374</u>

SOUTH PLACER WASTEWATER AUTHORITY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 5 – RISK MANAGEMENT

The Authority has purchased commercial insurance for general, property and public officials’ liability. During the fiscal year ended June 30, 2018, the Authority paid \$12,573 for current year coverage.

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

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

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

NOTE 6 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 7 – RESTATEMENT

The Authority restated beginning net position to reflect a change in accounting method related to receivables. The effects of the restatement is as follows:

	Beginning Net Position (as previously reported)	Adjustment	Beginning Net Position (restated)
Net position (deficit)	\$ (10,738,616)	\$ (2,534,030)	\$ (13,272,646)

SUPPLEMENTARY INFORMATION

SOUTH PLACER WASTEWATER AUTHORITY

**ANALYSIS OF RATE STABILIZATION RESTRICTED NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	City of Roseville	South Placer Municipal Utility District	Placer County	Totals
Balance at June 30, 2017, as restated	\$ 71,141,086	\$ 49,688,998	\$ (3,055,498)	\$ 117,774,586
Changes July 1, 2017 to June 30, 2018				
Reimbursement costs - others	-	-	500,000	500,000
Regional connection fees	11,557,556	5,512,844	689,400	17,759,800
Interest allocation	1,073,243	751,831	(62,847)	1,762,227
Capital construction costs	(1,224,806)	(445,546)	(316,035)	(1,986,387)
Debt service	(9,047,858)	(3,291,332)	(2,334,599)	(14,673,789)
Administrative costs	(88,256)	(32,105)	(22,773)	(143,134)
Total	2,269,879	2,495,692	(1,546,854)	3,218,717
Balance at June 30, 2018	\$ 73,410,965	\$ 52,184,690	\$ (4,602,352)	\$ 120,993,303

	Net Position of	
	Bond Proceeds	Member Contributions
Investments in City of Roseville Treasury	\$ -	\$ 13,312,121
Investments	-	106,427,877
Restricted investments with fiscal agent	38,286,793	-
Unallocated loss on investments	(1,994,744)	1,994,744
Accounts receivable	-	973
Due from other governments	-	556,137
Permit fees receivable	-	-
Accumulated decrease in fair value of hedging derivatives	1,444,926	-
Loss on refunding	1,822,622	-
Accounts payable and other liabilities	-	(1,298,549)
Derivative at fair value	(1,444,926)	-
Long-term debt:		
Due in one year	(4,590,000)	-
Due in more than one year	(161,554,374)	-
Net Position (Deficit)	\$ (128,029,703)	\$ 120,993,303



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

VALUE THE *difference*

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

We have audited the financial statements of the South Placer Wastewater Authority (Authority) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 15, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed for the year ended June 30, 2018. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements was (were):

Management's estimate of investments and derivatives is based on management's fair value measurement. We evaluated the key factors and assumptions used to develop the fair value measurement in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following misstatement detected as result of audit procedures were corrected by management: an adjustment of \$2,534,030 to decrease permits receivable and beginning net position.

Management has determined that the effects of the following uncorrected misstatements is immaterial to the financial statements taken as a whole: an adjustment to decrease cash and investments and decrease investment income in the amount of \$175,892 to recognize the effects of changes in fair value for investments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on Analysis of Rate Stabilization Restricted Net Position which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the South Placer Wastewater Authority and is not intended to be, and should not be, used by anyone other than these specified parties.



Sacramento, California
December 21, 2018

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** January 17, 2019
Board of Directors

FROM: Executive Director's office

AUTHORITY COMMUNICATION NO.: 19-08

SUBJECT: Connection Fee Program Report

For SPWA Board Meeting of 1/31/19

ACTION REQUESTED

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

BACKGROUND

The attached report, prepared by Vavrinek, Trine, Day & Co., LLP, evaluates how the South Placer Wastewater Authority (Authority) and its member agencies complied with the "Funding Agreement" from July 2017 through June 2018. Payments from Placer County, Roseville, and South Placer Municipal Utility District were tested for the referenced time period.

The following table summarizes the total connection fees collected and the associated equivalent dwelling units (EDUs) from July 2017 through June 2018.

	City	District	County
Gross Regional Connection Fees	\$11,557,555	\$5,512,844	\$696,993
EDUs for Gross Regional Connection Fees	1,520	730	93


Actual EDUs developed in FY17-18 are approximately 123% of the EDUs estimated from the 2013 updated connection fee analysis, and total EDUs developed since the original funding of the bonds are approximately 96% of the estimated EDUs. The estimated and actual number of EDUs are summarized below.

Jurisdiction	FY 2017-2018		Total through 2017-2018	
	Estimated EDUs	Actual EDUs	Estimated EDUs	Actual EDUs
Roseville	996	1,520	21,208	28,063
South Placer Municipal Utilities District	650	730	13,370	13,183
Placer County	255	93	11,968	3,215
Total	1,901	2,343	46,546	44,461

Submitted by:



Janet L. Vargas
Business Services Administrator



Kenneth J. Glotzbach
Executive Director

DRAFT COPY 12/20/18

SOUTH PLACER WASTEWATER AUTHORITY

CITY OF ROSEVILLE, CALIFORNIA

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

FOR THE YEAR ENDED JUNE 30, 2018

DRAFT COPY 12/20/18

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

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

We have performed the procedures, which were agreed to by the South Placer Wastewater Authority (Authority) (the specified part), to the Regional Connection Fees collected by the City of Roseville (City), County of Placer (County), and the South Placer Municipal Utility District (District) (Regional Partners), and the allocation of these fees and compliance with the Amended and Restated Funding Agreement (Funding Agreement) for the year ended June 30, 2018. The Authority's management is responsible for the collection of fees and for compliance with the Funding Agreement. The sufficiency of these procedures is solely the responsibility of the Authority. Consequently, we make no representation regarding the sufficiency of the procedures referred to below either for the purpose for which this report has been required or for any other purpose.

The procedures and associated findings are described in Exhibit A.

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

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

Sacramento, California
December 21, 2018

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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

For the fiscal year ended June 30, 2018, the Board consisted of the following individuals:

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

No exceptions were found as a result of this procedure.

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

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

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

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

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

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

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

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2018**

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

The Board adopted the budget for fiscal year 2018 through resolution 2017-07 on June 29, 2017.

An exception was noted, in that the fiscal year ended June 30, 2017 audit of the Authority was completed 174 days after the close of the fiscal year.

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

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

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

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

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

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

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

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

EXHIBIT A

**SOUTH PLACER WASTEWATER AUTHORITY
AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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

7. Recalculate the monthly summary reports of Regional Connection Fees transmitted by the participants for the year ended June 30, 2018.

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

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

8. Calculate and report the connection fees and EDUs for the County, District, and City as of and for the year ended June 30, 2018.

Findings – We recalculated each Regional Partner’s connection fees and EDUs for the year ended June 30, 2018 as follows:

<u>July 1, 2017 to June 30, 2018</u>	<u>City</u>	<u>District</u>	<u>County</u>
Gross Regional Connection Fees	\$ 11,557,555	\$ 5,512,844	\$ 696,993
EDUs for Gross Regional Connection Fees	1,520	730	93

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

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 8, 2019

FROM: Kenneth Glotzbach / Executive Director

AUTHORITY COMMUNICATION NO.: 19-09

SUBJECT: Second Amended and Restated SPWA JPA, Funding, and Operations Agreements

For SPWA Board Meeting January 31, 2019

ACTION REQUESTED

Staff recommends the South Placer Wastewater Authority (SPWA) Board adopt a resolution approving the following SPWA agreements:

- i. Second Amended and Restated Joint Exercise of Powers Agreement for the South Placer Wastewater Authority;
- ii. Second Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities; and
- iii. Second Amended and Restated Agreement Regarding the Operation and Use of the South Placer Regional Wastewater Facilities.

BACKGROUND

On October 1, 2012, the City of Roseville, the South Placer Municipal Utility District (SPMUD) and the County of Placer (County), executed an Amended and Restated Joint Exercise of Power Agreement (JPA) for the South Placer Wastewater authority (SPWA). After the formation of the JPA (circa 2000) and execution of the original agreements, it became apparent that the growth in the County was not occurring as anticipated. The possibility of changes in growth conditions were anticipated when the JPA was formed, as was the responsibility of the partner agencies to respond to these changed conditions. The original agreements and formation principles worked as planned to respond to the changes in growth patterns in the service area and led to the 2012 agreement amendments.

Staff from the Authority partners have been developing a second set of agreement changes intended primarily to address the ongoing underfunding of one of the partners. In a collaborative effort, staff from the respective agencies developed a reallocation strategy that redistributes debt liability incurred since the Joint Powers Authority (JPA) was formed. The requested approval will act on three amended agreements:

- i. Second Amended and Restated Joint Exercise of Powers Agreement for the South Placer Wastewater Authority (Exhibit 1);

- ii. Second Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities (Exhibit 2); and
- iii. Second Amended and Restated Agreement Regarding the Operation and Use of the South Placer Regional Wastewater Facilities (Exhibit 3).

The proposed changes in each agreement are highlighted in the attached Exhibits. The following provides a summary of changes made in each agreement and how these changes financially impact a new reallocation and repayment plan.

Modified JPA Agreement

- Changes all references to the “Treasurer and Auditor of the City of Roseville” to the City’s “Chief Financial Officer.” No other changes made.
- Minor housekeeping changes such as notifications, signatories and titles.

Amended and Restated Funding Agreement

- Memorializes, 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;
- Memorializes a requirement for each Partner to contribute to the Rate Stabilization Fund annually, as necessary, to alleviate any individual Rate Stabilization Fund deficits.
- Defines Reclaimed Water and Recycled Water. Reclaimed Water is interchangeable with Recycled Water.
- Each Participant’s Proportionate Share of debt service shall be as follows:
 - City: 64.57%
 - County: 13.48%
 - District: 21.95%
- The 2012 Funding Agreement Proportionate Shares incorporated a disproportionate share of excess UV capacity to the County. The foregoing Proportionate Shares have been revised in this Agreement to account for a reallocation of UV cost percentages to match the treatment capacity cost percentages and to account for total debt liability. As of the date of this Agreement, any overpayments or underpayment as a result of this revision made by the Participants shall be applied to the associated Participants Rate Stabilization Fund Subaccount balance. This revision eliminates the County’s negative subaccount balance and shifts UV capacity ownership to the City.
- Any Participant that enters a Rate Stabilization Fund deficit due to slower than expected development in any fiscal year shall contribute an amount equal to that Participants’ deficit to the Rate Stabilization Fund at the end of that fiscal year to alleviate the Rate Stabilization Fund deficit.
- Minor housekeeping changes such as notifications, signatories and titles.

Amended and Restated Operations Agreement

- The Participants have met and evaluated existing ordinances to (1) incorporate provisions enforcing inflow and infiltration reductions, and (2) ensure uniform methods of categorizing and calculating the Regional Connection Fee.
- Eliminates references to Sabre City in the County’s Service Area.

- A provision was added to address recycled water service requests within Roseville that are new (not previously considered in SPWA planning documents) or that increase planned recycled water demand such that supply to other planned projects outside of Roseville could be reduced. The provision would provide the opportunity for the County to negotiate a supply reservation for that recycled water on future County projects before the current request is granted.
- Minor housekeeping changes such as notifications, signatories and titles.

The amended agreements were presented to the County Board of Supervisors, the SPMUD Board of Directors and the Roseville City Council in January 2019 by staff members from each agency. With SPWA Board approval of the amended agreements, staff from each agency will be authorized to execute the agreements.

Submitted by:



Kenneth J. Glotzbach
Executive Director

Exhibit 1

**Second Amended and Restated Joint Exercise of Powers Agreement for the
South Placer Wastewater Authority**

**SECOND AMENDED AND RESTATED
JOINT EXERCISE OF POWERS AGREEMENT
FOR THE
SOUTH PLACER WASTEWATER AUTHORITY**

THIS SECOND AMENDED AND RESTATED JOINT EXERCISE OF POWERS AGREEMENT (the "Agreement") is made effective as of the 31st day of January, 2019, by and among 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, the City, the District, and the County have the common powers to acquire real property and to plan, finance, acquire, construct, own, and operate wastewater facilities; and
- B. WHEREAS, the City, the District, and the County have determined that the public interest will be served by the joint exercise of these powers through this Agreement and the creation of a joint powers authority with the power to plan for, finance, acquire, construct, own and operate Regional Wastewater Facilities; and
- C. WHEREAS, the City, the District, and County desire to amend the Amended and Restated Joint Exercise of Powers Agreement entered into on October 1, 2012 and concurrently herewith, will enter into the Funding Agreement and the Operations Agreement (both defined hereinafter), to provide for the funding and operation of the Regional Wastewater Facilities; and
- D. WHEREAS, the parties desire to amend this Agreement to conform the provisions hereof to the provisions of the above-referenced amended and restated agreements.

NOW THEREFORE, the parties hereto agree as follows:

AGREEMENT

1. **Definitions.** Words and phrases used in this Agreement shall have the meanings set forth below. Words and phrases used in common with the Funding Agreement shall have the meanings ascribed to them in the Funding Agreement, as the same may be amended from time to time. The current Funding Agreement definitions are set forth in **Exhibit A**, which Exhibit will automatically be deemed to have been amended upon any future amendments to the Funding Agreement.

January 1, 2019

Authority is defined in Section 3.

Board is defined in Subsection 7.a.

City is defined in the preamble.

County is defined in the preamble.

District is defined in the preamble.

Dry Creek Plant is defined in the Funding Agreement.

Funding Agreement means the Second Amended and Restated Funding Agreement relating to the South Placer Regional Wastewater Facilities among the Authority and the Participants dated of even date herewith.

Law is defined in Section 2 hereof.

Operations Agreement means the Second Amended and Restated Agreement regarding the Operation and Use of the South Placer Regional Wastewater Facilities among the Authority and the Participants dated of even date herewith.

Participant is defined in the Funding Agreement.

Pleasant Grove Plant is defined in the Funding Agreement.

Regional Connection Fees is defined in the Funding Agreement.

Regional Wastewater Facilities is defined in the Funding Agreement.

Related Regional Infrastructure is defined in the Funding Agreement.

2. Authority and Purpose. This Agreement is made pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with section 6500) (the “Law”) relative to the joint exercise of powers common to the Participants. The purpose of this Agreement is to provide for the planning, financing, acquisition, ownership, construction, and operation of Regional Wastewater Facilities.

3. Creation of Authority and Jurisdiction. The Participants hereby amend and restate the agreement, dated October 1, 2000, that created the South Placer Wastewater Authority (“Authority”), a public entity separate from the City, the District, and the County. The jurisdiction of the Authority shall be the service areas served by Regional Wastewater Facilities, as those areas may be modified from time to time.

4. Term and Termination. This Agreement shall be effective as of the date first above written. It shall remain in effect until terminated in accordance with the Law by two (2) or more of the Participants; provided, however, that this Agreement may not be terminated, and no Participant may withdraw its membership, until all bonds or other instruments of indebtedness issued by the Authority, if any, have been paid in full.

5. Powers. The Authority shall have all powers necessary or reasonably convenient to carry out the purposes stated in Section 2, including, but not limited to, the following:

- a. to secure administrative office space and furnishings;
- b. to make and enter into contracts;
- c. to contract for, or employ, administrative, technical and support staff, and consultants and contractors of any kind;
- d. to acquire and maintain insurance of all types;
- e. to lease, acquire, hold, or dispose of real property by negotiation, dedication, or eminent domain;
- f. to lease, acquire, operate, maintain and dispose of materials, supplies, and equipment of all types;
- g. to construct and operate buildings and facilities of any kind, including, without limitation, Regional Wastewater Facilities;
- h. to accept, hold, invest (pursuant to the Law, including, without limitation, section 6509.5 thereof), manage, and expend monies;
- i. to levy fees and taxes, to enter into lease purchase agreements, and to issue bonds and incur other forms of indebtedness, as provided for in the Law, including, without limitation, sections 6547, 6547.1, 6547.5, and 6547.6 thereof, or any other applicable law;
- j. to form a special assessment district under any legal authority that exists now or in the future, including, without limitation, the Improvement Act of 1911 (Streets & Highways Code section 5000 *et seq.*), the Municipal Improvement Act of 1913 (Streets & Highways Code section 10000 *et seq.*), the Improvement Bond act of 1915 (Streets & Highways Code section 8500 *et seq.*), or any other authority that exists now or in the future;
- k. to form a special tax district under the Mello-Roos Community Facilities District Act or any other authority that may exist now or in the future;
- l. to negotiate and enter into reimbursement agreements when monies to construct Regional Wastewater Facilities are available;

- m. to sue and be sued; and
 - n. to exercise all powers incidental to the foregoing.
6. Duties. The Authority shall have the duty to do the following within the times specified or, if no time is specified, within a reasonable time:
- a. to retain legal counsel for all Authority business, including litigation;
 - b. to evaluate the need for, and acquire and maintain if necessary, liability, errors and omissions, or other insurance;
 - c. to finance Regional Wastewater Facilities; and
 - d. to conduct an annual audit as required by the provisions of Subsection 7.d(3).

7. Administration.

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

b. Meetings.

(1) Regular Meetings. The Board shall by resolution establish the number of regular meetings to be held each year and the date, hour and location at which such regular meetings shall be held; provided, that the Board shall meet at least once every six (6) months.

(2) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of the Ralph M. Brown Act (California Government Code section 54950 *et seq.*).

(3) Conduct of Meetings. All meetings of the Board shall be held in accordance with the Ralph M. Brown Act (California Government Code section 54950 *et seq.*).

(4) Minutes. The Secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board, and to the City, District, and County.

(5) Quorum. Three (3) directors of the Board shall constitute a quorum for the transaction of business. Except as provided in Section 8, actions of the Board shall require the affirmative vote of a majority of the entire Board (i.e., three (3) affirmative votes).

c. Procedures.

(1) The Board shall elect a chair from among its membership to preside at meetings and shall select a secretary who may, but need not, be a member of the Board. The Board may, from time to time, elect such other officers as the Board shall deem necessary or convenient to conduct the affairs of the Authority.

(2) The Board may adopt by resolution rules of procedure, not inconsistent with the provisions of this Agreement, to govern the conduct of its meetings.

(3) Members of the Board shall comply with Title 9 of the California Government Code, commencing with section 81000 (Political Reform Act of 1974).

d. Fiscal Matters.

(1) Chief Financial Officer.

(A) Except as provided in Subsection (B), below, the Chief Financial Officer of the City, respectively, is designated as the Chief Financial Officer of the Authority with the powers, duties, and responsibilities specified in the Law, including, without limitation, sections 6505 and 6505.5 thereof.

(B) In lieu of the designations in Subsection (A), above, the Board may appoint one or more of its employees to the position of Chief Financial Officer as provided in the Law, including, without limitation, section 6505.6 thereof.

(2) Custodian of Property. The Chief Financial Officer of the Authority shall be the public officers who have charge of, handle, and have access to, the Authority's property and shall file with the Authority an official bond in the amount set by the Board.

(3) Accounts and Reports. The Board shall establish and maintain such funds and accounts as may be required by good accounting practice. The books and records of the Authority shall be open to inspection at all reasonable times to the County, the City and the District, and their respective representatives. The accounts shall be prepared and maintained by the Chief Financial Officer of the Authority. The Authority, within one hundred twenty (120) days after the close of each fiscal year, shall cause an independent audit of all financial activities for such fiscal year to be prepared by an independent certified public accountant employed by the Authority. The Authority shall promptly deliver copies of the audit report to the Participants.

(4) Budgets. The Board shall adopt a budget no later than ninety (90) days after the effective date of this Agreement and no later than June 30th of each year thereafter.

(5) Contributions. The Participants shall pay to the Authority the contributions to be specified in the Funding Agreement.

8. Voting. Notwithstanding Subsection 7.b, the following actions may only be taken as set forth below:

- a. The affirmative vote of at least four (4) Board members is required to set reserves, or authorize expenditures, for future expansions of Regional Wastewater Facilities.
- b. The affirmative vote of at least five (5) Board members is required:
 - (1) to authorize the issuance and sale, refinancing, or early redemption, of bonds; or
 - (2) to impose fees or assessments (other than the Regional Connection Fee), levy taxes, or order the formation of an assessment or special district.

9. Exercise of Powers. The powers and duties which (a) are common to the Participants, and (b) are vested in the Authority only by virtue of this Agreement, and are not independent powers and duties which arise by virtue of the Law, shall be exercised and carried out subject only to such restrictions upon the manner of exercising such powers or carrying out such duties as are imposed upon the City of Roseville in the exercise of similar powers or in carrying out similar duties, as provided in section 6509 of the Law.

10. Fiscal Year. The fiscal year of the Authority shall be the period from July 1st of each year to and including the following June 30th.

11. Debts, Liabilities and Obligations. The debts, liabilities, and obligations of the Authority shall not constitute debts, liabilities, or obligations of the County, the City, or the District, either jointly or severally.

12. Liability of Board, Officers and Employees.

a. The members of the Board, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers, and in the performance of their duties pursuant to this Agreement. They shall not be liable to the Participants for any mistake of judgment or other action made, taken, or omitted by them in good faith, nor for any action made, taken, or omitted by any agent, employee, or independent contractor selected with reasonable care, nor for loss incurred through the investment of the Authority's funds, or failure to invest the same.

b. To the extent authorized by California law, no member of the Board, officer, or employee of the Authority shall be responsible for any action made, taken, or omitted, by any

other member of the Board, officer, or employee. No member of the Board, officer, or employee of the Authority shall be required to give a bond or other security to guarantee the faithful performance of his or her duties pursuant to this Agreement, except as provided in Subsection 7.d(2).

c. The funds of the Authority shall be used to defend, indemnify, and hold harmless the Authority and any member of the Board, officer, or employee of the Authority for actions taken in good faith and within the scope of his or her authority. Nothing herein shall limit the right of the Authority to purchase insurance to provide coverage for the foregoing indemnity.

13. Liberal Construction. The provisions of this Agreement shall be liberally construed as necessary or reasonably convenient to achieve the purposes of the Authority.

14. Disposition of Property. Upon termination of this Agreement, the Authority shall convey all assets of the Authority to the City. Thereafter, the City shall use such assets of the Authority for the benefit of the City, District and County, as set forth in the Operations Agreement and the Funding Agreement.

15. Severability. Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

16. Successors; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Participants. No Participant may assign any rights or obligations hereunder without the consent of the other Participants; provided, further, that no such assignment may be made if it would materially and adversely affect (a) the rating of bonds issued by the Authority, or (b) bondholders holding such bonds.

17. Amendments. This Agreement may be amended only by the unanimous written agreement of the Participants. So long as any bonds of the Authority are outstanding and unpaid, or funds are not otherwise set aside for the payment or redemption thereof in accordance with the terms of the 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.

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

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
Hill Rivkins Brown & Associates
11140 Fair Oaks Boulevard, Suite 100
Fair Oaks, CA 95628
Attention: Adam Brown

COUNTY OF PLACER
Department of Public Works
Environmental Engineering 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 Participant may amend its address for notice by notifying the other Participants.

19. 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 Participants have entered into this Agreement effective as of the date first above written.

CITY OF ROSEVILLE

BY: _____
Dominick Casey
City Manager

ATTEST:

BY: _____
Sonia Orozco
City Clerk

APPROVED AS TO FORM:

BY: _____
Robert R. Schmitt
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
Richard D. Plecker
Environmental Utilities Director

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

BY: _____
Herb Niederberger
General Manager

APPROVED AS TO FORM:

BY: _____
Adam Brown
District Counsel

ATTEST:

BY: _____
Joanna Belanger
Secretary to the Board of Directors

COUNTY OF PLACER

BY: _____

Chair, Board of Supervisors

APPROVED AS TO FORM:

BY: _____

County Counsel

ATTEST:

BY: _____

Clerk, Board of Supervisors

EXHIBIT A

Funding Agreement Definitions (as of January 1, 2019)

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.

Reclaimed Water means treated wastewater that can be used for other purposes such as irrigation. Reclaimed Water is interchangeable with Recycled Water.

Recycled Water means treated wastewater that can be used for other purposes such as irrigation. Recycled Water is interchangeable with Reclaimed Water.

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.

Exhibit 2

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

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

Dated January 2019

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

THIS SECOND AMENDED AND RESTATED FUNDING AGREEMENT (the “Funding Agreement” or “Agreement”) is made effective as of the 31st day of January, 2019, 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 amended and restated the Original Funding Agreement on October 1, 2012 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; and
- D. WHEREAS, the parties hereto desire to amend and restate the October 1, 2012 Funding Agreement to memorialize, among other things, (i) the reallocation of the parties’ Proportionate Shares and (ii) a requirement for each Partner to contribute to the Rate Stabilization Fund annually, as necessary, to alleviate any individual Rate Stabilization Fund deficits. The parties intend that this Agreement shall supersede and replace the Original Funding Agreement and the October 1, 2012 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.

Reclaimed Water means treated wastewater that can be used for other purposes such as irrigation. Reclaimed Water is interchangeable with Recycled Water.

Recycled Water means treated wastewater that can be used for other purposes such as irrigation. Recycled Water is interchangeable with Reclaimed Water.

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 Table 1.

Table 1

WWTP Treatment Capacity Allocation Average Dry Weather Flow Million Gallons per Day				
	2015-2017 Average Treatment Capacity Usage	Remaining Treatment Plant Capacity	Allocated Treatment Capacity*	Percentage of Total Treatment Capacity
City	9.93	2.73	12.66	60.29%
District	3.61	1.80	5.41	25.76%
County	1.56	1.37	2.93	13.95%
Total			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 (33mgd) exceeds the total wastewater treatment capacity (21mgd) as of the date of this Agreement.

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 cost allocation 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' wastewater treatment plant capacity derived from the 21.0 MGD total capacity for both plants;

- (ii) The Participants' current usage of UV disinfection capacity and estimated future usage of the excess constructed UV disinfection capacity; and
- (iii) The City's assumption of all responsibility for the existing reclaimed/recycled water infrastructure costs (\$13.1M) as of the date of this Agreement.

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:	64.57%
County:	13.48%
District:	21.95%

TOTAL:	100%

The 2012 Funding Agreement Proportionate Shares incorporated a disproportionate share of excess UV capacity to the County. The foregoing Proportionate Shares have been revised in this Agreement to account for a reallocation of excess UV treatment capacity to match the UV treatment capacities through buildout and to account for total debt liability, which includes recycled water costs. As of the date of this Agreement, any overpayments or underpayment as a result of this revision made by the Participants shall be applied to the associated Participants Rate Stabilization Fund balance. 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. Any Participant that enters a Rate Stabilization Fund deficit due to addition of

fewer EDUs than what that Participant had projected in any fiscal year shall contribute an amount equal to that Participants' deficit to the Rate Stabilization Fund at the end of that fiscal year to alleviate the Rate Stabilization Fund deficit.

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
Sloan Sakai Yeung & Wong, LLP
555 Capitol Mall, Suite 600
Sacramento, CA 95814
Attention: Osman I. Mufti

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
Hill Rivkins Brown & Associates
11140 Fair Oaks Boulevard, Suite 100
Fair Oaks, CA 95628
Attention: Adam Brown

COUNTY OF PLACER
Department of Public Works
Environmental Engineering 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: _____
Kenneth Glotzbach
Executive Director

ATTEST:

BY: _____

Secretary, Board of Directors

APPROVED AS TO LEGAL FORM:

BY: _____
Osman I. Mufti
Authority's General Counsel

CITY OF ROSEVILLE

BY: _____
Dominick Casey
City Manager

ATTEST:

BY: _____
Sonia Orozco
City Clerk

APPROVED AS TO FORM:

BY: _____
Robert R. Schmitt
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
Richard D. Plecker
Environmental Utilities Director

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

BY: _____
Herb Niederberger
General Manager

APPROVED AS TO FORM:

BY: _____
Adam Brown
District Counsel

ATTEST:

BY: _____
Joanna Belanger
Secretary to the Board of Directors

COUNTY OF PLACER

BY: _____

Chair, Board of Supervisors

APPROVED AS TO FORM:

BY: _____

County Counsel

ATTEST:

BY: _____

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 Second Amended and Restated Funding Agreement relating to the South Placer Regional Wastewater Facilities ("Funding Agreement"), the Funding Agreement shall control.

MODEL SUMMARY

The following text and tables work through the methods used to develop the Proportionate Shares for the Participants. Table 1 presents the individual treatment plant capacities, total treatment capacities, and total treatment plant cost allocations.

Participant	DC WWTP (MGD)	PG WWTP (MGD)	Total Capacity (MGD)	Total Cost (Million \$)	Cost Percentage (%)
Roseville	5.72	6.94	12.66	114.73	63.16%
SPMUD	3.00	2.41	5.41	41.04	22.59%
County	2.78	0.15	2.93	25.87	14.24%
Totals	11.50	9.50	21.00	181.64	100%

Table 2 presents the UV capacity and cost allocations for all of the Participants.

Table 2 UV Capacity and Cost Allocations			
Participant	UV Capacity (MGD)	UV Cost (Million \$)	Cost Percentage (%)
Roseville	20.24	39.27	61.33%
SPMUD	8.12	15.76	24.61%
County	4.64	9.00	14.06%
Totals	33.00	64.03	100%

Table 3 presents the total debt liabilities, which include the recycled water cost, and the resulting Proportionate Shares.

Table 3 Proportionate Shares Based on Total Debt Liability ¹				
Participant	Treatment & UV Cost (Million \$)	Recycled Water Cost (Million \$)	Total Debt Liability (Million \$)	Proportionate Share (%)
Roseville	154.00	13.10	167.10	64.57%
SPMUD	56.80	0.00	56.80	21.95%
County	34.87	0.00	34.87	13.48%
Totals	245.67	13.10	258.77	100%

Notes:

1. Total Debt Liability of \$258.77M includes recycled water costs.

Exhibit 3

**Second Amended and Restated Agreement Regarding the Operation and Use of
the South Placer Regional Wastewater Facilities**

**SECOND AMENDED AND RESTATED
AGREEMENT REGARDING THE OPERATION AND USE
OF THE SOUTH PLACER REGIONAL WASTEWATER FACILITIES**

Dated January 1, 2019

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**SECOND AMENDED AND RESTATED
AGREEMENT REGARDING THE OPERATION AND USE
OF THE SOUTH PLACER REGIONAL WASTEWATER FACILITIES**

THIS SECOND AMENDED AND RESTATED AGREEMENT REGARDING THE OPERATION AND USE OF THE SOUTH PLACER REGIONAL WASTEWATER FACILITIES (the “**Operations Agreement**” or “**Agreement**”) is made effective as of the 1st day of January 31, 2019, 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 Participants 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, concurrently herewith, the Participants and the Authority entered into that certain Second Amended and Restated Funding Agreement Relating to the South Placer Regional Wastewater Facilities (the “**Funding Agreement**”); and
- C. WHEREAS, effective October 1, 2000, the parties hereto entered into the first Agreement regarding the Operation and Use of the South Placer Wastewater Facilities (the “**Original Operations Agreement**”), which Original Operations Agreement provided for (1) the operation and maintenance of Regional Wastewater Facilities, and (2) the ongoing funding necessary for the foregoing; and
- D. WHEREAS, the parties hereto amended and restated the Original Operations Agreement on October 1, 2012 to (i) conform the provisions of the Agreement to the provisions of the Funding Agreement, (ii) include the additional wastewater treatment service areas added by the District and the City, and (iii) modify the procedures to govern future changes to the service areas; and
- E. WHEREAS, the parties hereto desire to amend and restate the October 1, 2012 Operations Agreement to (i) conform the provisions of this Agreement to the provisions of the Funding Agreement, (ii) include the additional wastewater treatment service areas added by the County, District, and the City, (iii) amend specific language within the Reclaimed Water Section 14.c, and (iv) update miscellaneous information. The parties intend that this Agreement shall supersede and replace the Original Operations

Agreement and the October 1, 2012 Operations Agreement, and that this Agreement, the JPA Agreement and the Funding Agreement, 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. Words and phrases used in common with the Funding Agreement shall have the meanings ascribed to them in the Funding Agreement, as the same may be amended from time to time. The current definitions are set forth in **Exhibit D**, which Exhibit will automatically be deemed to have been amended upon any future amendments to the Funding Agreement.

2011 Bonds is defined in the Funding Agreement.

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.

Bonds is defined in the Funding Agreement.

Community Plan Area means the Dry Creek - West Placer Community Plan Area depicted on **Exhibit "B,"** attached hereto and incorporated herein.

Discharge Permits means, collectively, the National Pollutant Discharge Elimination System Waste Discharge Requirements for the City of Roseville, issued by the Regional Water Quality Board, (a) on May 1, 2014 (RS-2014-0051, expires May 2, 2019), for the Pleasant Grove Plant (Order No. CA0084573), and (b) on May 1, 2014 (RS-2014-0049, expires May 2, 2019), for the Dry Creek Plant (Order No. CA0079502), and any amendments thereto.

Dry Creek Plant is defined in the Funding Agreement.

Event of Default is defined in the Funding Agreement.

Fiscal Year is defined in the Funding Agreement.

Funding Agreement is defined in Recital B.

Indenture is defined in the Funding Agreement.

Inflow and Infiltration, or I&I, means direct and indirect discharges (other than normal authorized wastewater discharges) to the collection system serving Regional Wastewater Facilities. Such discharges include, without limitation, excessively leaky joints and manholes, illegal storm drain connections and manholes, service laterals, and wastewater lines and joints located in the flood plain and in areas of high groundwater that are not watertight.

Other Superseded Agreements is defined in the Funding Agreement.

Parity Bonds is defined in the Funding Agreement.

Parity Bonds Instrument is defined in the Funding Agreement.

Participant is defined in the Funding Agreement.

Participant System or Participant's System is defined in the Funding Agreement.

Pleasant Grove Plant is defined in the Funding Agreement.

Proportional Volumetric Share is defined in the Funding Agreement.

Reclaimed Water is defined in the Funding Agreement.

Regional Connection Fees is defined in the Funding Agreement.

Regional Operation and Maintenance Costs is defined in the Funding Agreement

Regional Wastewater Facilities is defined in the Funding Agreement.

Related Regional Infrastructure is defined in the Funding Agreement.

Regional Water Quality Board means the California Regional Water Quality Control Board, Central Valley Region.

Trustee is defined in the Funding Agreement.

User means any person or entity that discharges water or waste into a Participant System and/or the Regional Wastewater Facilities, and is subject to regulation under the provisions of Roseville Municipal Code Chapter 14.26 (entitled "Industrial Wastewater"), or similar ordinances enacted by the District and the County.

2. Operation and Maintenance of Regional Wastewater Facilities.

a. The City shall operate and maintain the Regional Wastewater Facilities for the mutual benefit of, and provide wastewater treatment services to, the "Current Service Area" depicted on **Exhibit "A,"** attached hereto and incorporated herein, which area is within the jurisdictional boundaries 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 Funding Agreement. Following completion of the Dry Creek Shed Study and adoption of the corresponding environmental approvals, the areas studied in the Dry Creek Shed Study will be included in the wastewater treatment service area for Regional Wastewater Facilities and **Exhibit "A"** will automatically be amended to include those areas. Future additions to the wastewater treatment service area boundaries may be made by any Participant, subject to Section 2.c, below. Upon any such change in the service area boundaries, **Exhibit "A"** will automatically be amended to reflect the change.

b. The City shall perform, and operate and maintain the Regional Wastewater Facilities in compliance with, all of the covenants of the Authority relating to the “Enterprise,” set forth in Article V of the Indenture.

c. Each Participant shall have the right to (1) maintain connections between such Participant’s System and the Regional Wastewater Facilities at all locations existing as of the date first above written, and (2) establish new connections to the Regional Wastewater Facilities as needed, subject to the City’s prior written approval of the location of such connection, which approval shall not be unreasonably withheld.

3. Charges for Regional Operation and Maintenance Costs.

a. Each Participant’s responsibility for Regional Operation and Maintenance Costs shall be based upon its Proportional Volumetric Share. The apportionment of the costs of administration of the Industrial Pretreatment Program for non-permitted Users shall be equitably allocated by future agreement among the Participants.

b. During the month of June of each year, the City shall provide each Participant with an estimate of the Regional Operation and Maintenance Costs for the following Fiscal Year. Thereafter, the City shall bill the District and the County quarterly, in advance, for their respective shares of the estimated Regional Operation and Maintenance Costs, which shares shall be in proportion to the Proportional Volumetric Share of each, as measured during the immediately preceding Fiscal Year.

c. (1) Within one hundred eighty (180) days after the close of each Fiscal Year, the City shall submit to each Participant a detailed statement of actual Regional Operation and Maintenance Costs, and the actual Proportional Volumetric Share of each Participant, for the Fiscal Year then ended. If the amount advanced for estimated Regional Operation and Maintenance Costs by any Participant is less than that Participant’s share of actual Regional Operation and Maintenance Costs (based on that Participant’s actual Proportional Volumetric Share), the City shall include the difference in a subsequent quarterly invoice for payment by that Participant. If the amount advanced for estimated Regional Operation and Maintenance Costs by any Participant is more than that Participant’s share of actual Regional Operation and Maintenance Costs (based on that Participant’s actual Proportional Volumetric Share), the City shall remit such excess amounts to that Participant, or credit that Participant’s account, at the City’s election.

(2) Each Participant may, at its sole cost and expense, inspect and/or audit the City’s books and records concerning Regional Operation and Maintenance Costs, and the City shall cooperate reasonably with any such inspection and/or audit.

d. Each Participant shall pay Regional Operation and Maintenance Costs within sixty (60) days after receipt of City’s invoice therefor. Interest shall accrue on any delinquent

amounts at the rate of return paid by the Local Agency Investment Fund plus one percent (1%), commencing one hundred eighty (180) days after receipt of the City's invoice.

4. Inflow and Infiltration; Maintenance of Participant Systems.

a. Inflow and Infiltration Requirement. The maximum allowable amount of I&I on any given day for any Participant shall be 2.5 times the Average Dry Weather Flow of that Participant.

b. Participant System Evaluation. The Participants shall evaluate their respective Participant Systems periodically for I&I to determine those areas that need specific attention or repair. Participant System analysis may be accomplished by any reasonably effective method, including, without limitation, smoke testing, system flow monitoring and videotaping.

c. Long Term Participant System Rehabilitation and Maintenance. Once the Participant Systems have been evaluated, and areas needing improvement have been identified, each Participant shall develop a Participant System rehabilitation program that will lower the amount of maximum daily I&I for that Participant to below 2.5 times that Participant's Average Dry Weather Flow.

d. Construction Specifications. The Participants shall meet and develop region-wide wastewater construction specifications to ensure that all new wastewater infrastructure is constructed to stringent standards that will reduce I&I, as required herein. Pressure testing of transmission mains and vacuum testing of manholes are a minimum requirement that must be contained in the specifications of any construction contracts let by the Participants with respect to Participant Systems and/or Regional Wastewater Facilities.

5. Backup Power and Wet Well Capacity. Each Participant shall install and maintain adequate backup power sources, and/or wet well capacity, at all pump stations to prevent overflow during power outages and pump failures.

6. High Water Alarms. Each Participant shall install and maintain functional high water alarm and notification systems at each pump station.

7. Unauthorized Wastewater Discharges. Each Participant shall report any unauthorized discharges of wastewater to the Regional Water Quality Board within one (1) business day after the discovery of such discharge.

8. Flow Monitoring Equipment. Each Participant shall, at its sole cost, maintain flow monitoring equipment at each major connection point between such Participant's System and the Regional Wastewater Facilities. Such equipment shall be capable of measuring peak wet weather flows as well as dry weather flows, and ultimate as well as interim flows, and data therefrom shall be reported to the City. Flow estimates may be used for smaller connection points, provided all Participants agree on the methodology used to estimate the flow. The methodology currently used to measure, estimate, and report flows from the County is attached

hereto as **Exhibit E** for reference. Otherwise, the applicable Participant shall install portable flow monitoring equipment semi-annually for two one-week periods, once during the wet season (January 1st through March 31st) and once during the dry season (July 1st through September 30th).

9. Ordinance Modification; Compliance with Discharge Permits.

a. The Participants shall adopt all applicable provisions of ordinances, statutes, rules and regulations, established by the City, regulating the use of, and discharge of waters and wastes into, the Regional Wastewater Facilities, including all applicable provisions of Roseville Municipal Code Chapters 14.12, 14.16, 14.26, and all later applicable amendments thereto, within ninety (90) days after receipt of the City's written request therefor. The Participants have met and determined the applicability of provisions of the foregoing City ordinances, statutes, rules and regulations, and adopted the same in accordance with this Agreement. The Participants have met and evaluated existing ordinances to (1) incorporate provisions enforcing I&I reductions, and (2) ensure uniform methods of categorizing and calculating the Regional Connection Fee. The City will notify the other Participants of any proposed changes to such ordinances, statutes, rules and regulations, and invite the other Participants to participate in the formulation and drafting of any such changes to be adopted by the City which are applicable to the use of, and discharge of waters and wastes into, the Regional Wastewater Facilities, and are to be adopted by the Participants. I

b. Each Participant shall operate and maintain its Participant System in compliance with the requirements of the Discharge Permits and other applicable laws and regulations, and shall reasonably agree to amend this Agreement from time to time as necessary to comply with the requirements of the Discharge Permits or other applicable laws and regulations. Each Participant shall cooperate with, and assist, the other Participants, as reasonably necessary to comply with the Discharge Permits, including, without limitation, making its Participant System available for any studies and inspections required by the Discharge Permits.

10. Industrial Pretreatment Program. The Agreement for Industrial Waste Pretreatment Program, made by and among the Participants effective August 19, 1988, a copy of which is attached hereto as **Exhibit C**, is hereby incorporated into this Agreement as if set forth in full.

11. Tax Exemption. No Participant shall levy any tax or assessment, or any similar charge, on any real or personal property, or interest therein, that lies within such Participant's jurisdictional boundaries and is part of the Regional Wastewater Facilities, or another Participant's System.

12. Major Dischargers. For the purpose of assuring the availability of adequate regional wastewater treatment capacity, when the Regional Wastewater Facilities have reached seventy-five percent (75%) of their treatment capacity, no Participant shall permit, or agree to permit, any commercial or industrial applicant or entity whose Average Dry Weather Flow discharge during the useful life of the applicant's project is estimated to be Four Hundred Thousand (400,000) gallons per day or greater, to connect to that Participant's System, or otherwise provide

wastewater treatment service, without first obtaining the written consent of the Authority and a majority of the Participants. Such consent shall not unreasonably be withheld. Permission to connect is deemed to occur at the time a Participant gives an applicant a notice of willingness to serve, or otherwise authorizes an applicant to connect to that Participant's System, whether this occurs at the issuance of a construction permit, or the collection of the Regional Connection Fee, or prior thereto. The City shall promptly provide written notification to the Authority, the District, and the County, when the Regional Wastewater Facilities have reached seventy-five percent (75%) of capacity.

13. Moratorium. At such time as insufficient capacity remains in the Regional Wastewater Facilities to treat additional flows, the Authority shall impose a moratorium on additional connections, pending the expansion of treatment capacity. Any moratorium necessitated by an exhaustion of treatment capacity shall apply equally and simultaneously to all Participants.

14. City/County Provisions. The following provisions bind, and inure to the benefit of, the City and the County only:

a. Linda Creek Raw Water Bypass. The City shall provide a maximum of 0.8 cfs of supplemental flow to Linda Creek to replace discharge from the abandoned County SMD #2 wastewater treatment plant, provided that the County shall reimburse the City for the cost of such water, including wheeling, metering, and maintenance costs. Supplemental flow shall consist of a raw water bypass at the City's water treatment plant on Barton Road. The City reserves the right to temporarily discontinue the raw water bypass during any period that stage three (or higher) drought restrictions are in effect pursuant to Roseville Municipal Code Chapter 14.09. The City shall bill the County quarterly for supplemental water costs, with payment due within sixty (60) days after any billing.

b. Dry Creek - West Placer Community Plan Area Wastewater Facilities.

(1) The County shall cause to be constructed within the Community Plan Area such Participant System facilities as are appropriate to provide wastewater service, and shall operate and maintain said facilities.

(2) Wastewater shall be received at the Dry Creek Plant by force main. The County's Participant System for the Community Plan Area shall connect to the Dry Creek Plant at the headworks facility located at the northeast portion of the Dry Creek Plant site.

c. Reclaimed Water. The City and the County agree that the use of reclaimed water is encouraged in all areas and is subject to the availability of the reclaimed water distribution system while complying with all state and local reclaimed water regulations.

(1) Pursuant to the Recycled Water Systems Evaluation Final Report (RMC, July 2016), the available reclaimed water is anticipated to be adequate to serve the projected demands in unincorporated Placer County within the SPWA service area.

(2) If the City receives a request for reclaimed water from a customer within their City limits that would reduce the amount of reclaimed water available to unincorporated Placer County projects below what is contemplated in Chapter 2 of the Recycled Water Systems Evaluation Final Report (RMC, July 2016), the City of Roseville will notify Placer County of this request. The County, or its agent, will then be granted the opportunity to reserve that capacity for a County project prior to the City granting that capacity to the other entity. However, the following projects in western Placer County were entitled prior to the date of this Agreement and are guaranteed reclaimed water capacity to meet their respective demands as described in their respective entitled environmental documents: Placer Vineyards Specific Plan, Riolo Vineyards Specific Plan, and Regional University Specific Plan.

(3) It is agreed that the City will be the retailer of reclaimed water within the City limits and the County, or its agent, will be the retailer outside of the City limits.

15. Indemnity. Each Participant (the “Indemnitor”) agrees to hold harmless, defend and indemnify the other Participants, their officers, agents and employees, from and against any and all liabilities, claims, or damages of any nature, including, without limitation, personal injury, including death, or property damage, resulting from the negligent actions or inaction of the Indemnitor, its officers, agents, or employees, under the terms of this Agreement, including, without limitation, accidental wastewater discharges.

16. 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.

17. Amendments. 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.

18. 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.

19. 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
Sloan Sakai Yeung & Wong,LLP
555 Capitol Mall, Suite 600
Sacramento, CA 95814
Attention: Osman I. Mufti

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
Hill Rivkins Brown & Associates
11140 Fair Oaks Boulevard, Suite 100
Fair Oaks, CA 95628
Attention: Adam Brown

COUNTY OF PLACER
Department of Public Works
Environmental Engineering 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.

20. 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: _____
Kenneth Glotzbach
Executive Director

ATTEST:

BY: _____
Secretary, Board of Directors

APPROVED AS TO LEGAL FORM:

BY: _____
Osman I. Mufti
Authority's General Counsel

CITY OF ROSEVILLE

BY: _____
Dominick Casey
City Manager

ATTEST:

BY: _____
Sonia Orozco
City Clerk

APPROVED AS TO FORM:

BY: _____
Robert R. Schmitt
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
Richard D. Plecker
Environmental Utilities Director

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

BY: _____
Herb Niederberger
General Manager

APPROVED AS TO FORM:

BY: _____
Adam Brown
District Counsel

ATTEST:

BY: _____
Joanna Belanger
Secretary to the Board of Directors

COUNTY OF PLACER

BY: _____

Chair, Board of Supervisors

APPROVED AS TO FORM:

BY: _____

County Counsel

ATTEST:

BY: _____

Clerk, Board of Supervisors

EXHIBIT A

Service Area

Figure ES - 3: 2005 Regional Service Area

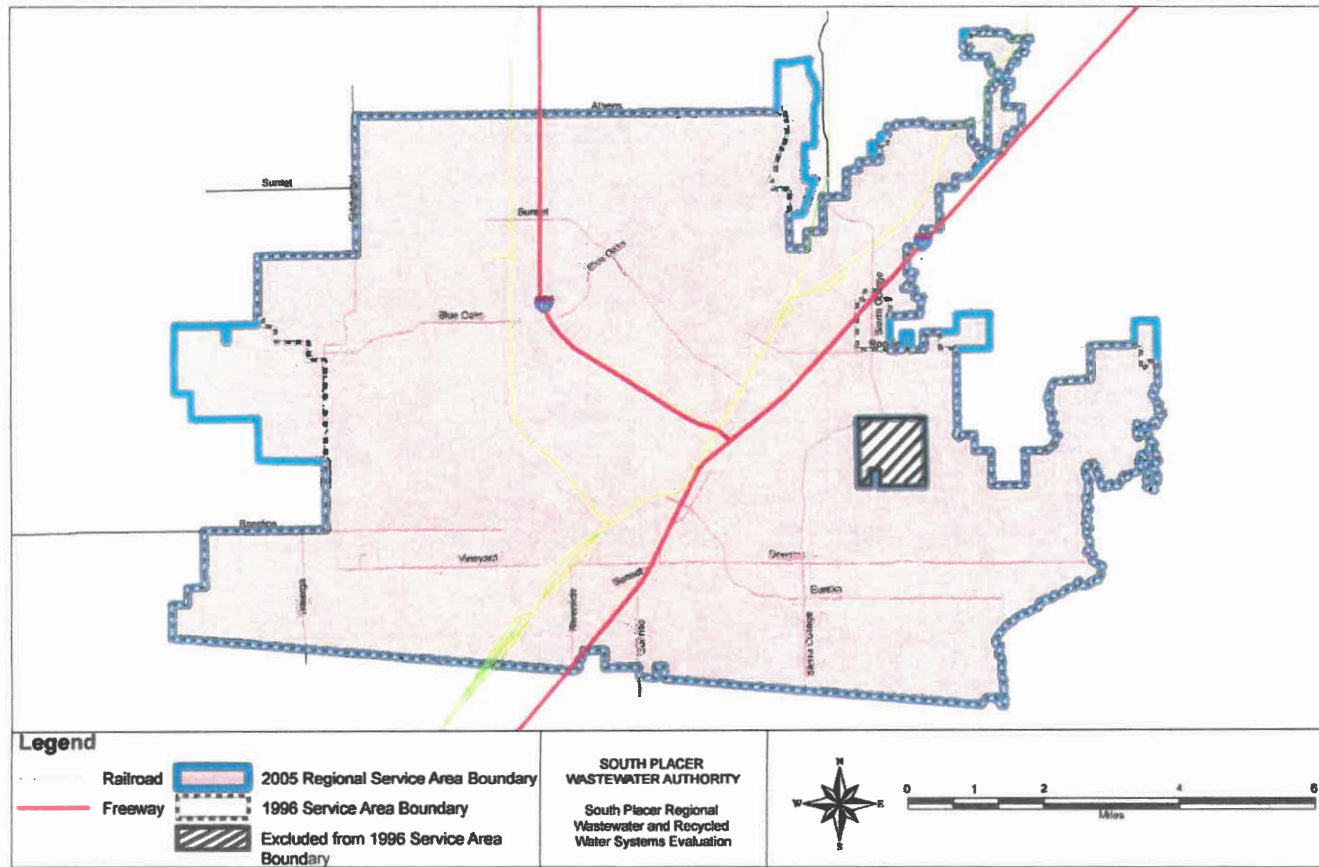
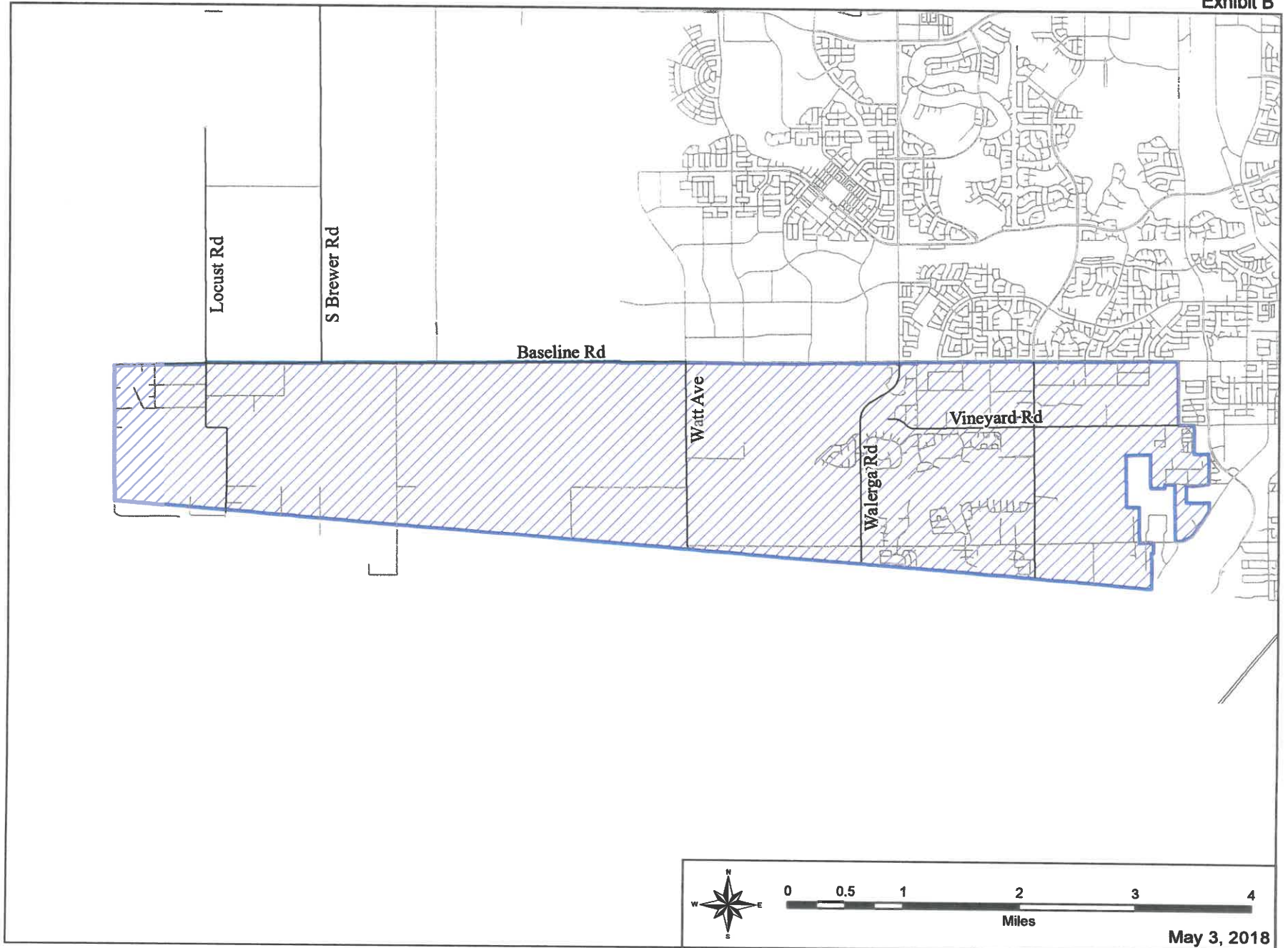


EXHIBIT B

Dry Creek - West Placer Community Plan Area

Dry Creek - West Placer Community Plan Area

Exhibit B



May 3, 2018

EXHIBIT C

Agreement for Industrial Waste Pretreatment Program

EXHIBIT D

RECEIVED
OCT 21 1988
S.P.M.U.D.

FILED

AUG 26 1988

AGREEMENT FOR INDUSTRIAL WASTE
PRETREATMENT PROGRAM

CITY OF ROSEVILLE
BY dlm

This Agreement is made this 19th day of August,
1988, by and between the City of Roseville, a municipal
corporation ("CITY"), Placer County ("COUNTY"), and South Placer
Municipal Utility District ("DISTRICT"), and

W I T N E S S E T H:

WHEREAS, the City is responsible for operation and
maintenance of a Regional Wastewater Treatment Plant, and

WHEREAS, domestic and industrial waste waters from outside
the jurisdiction of the City are treated in the Regional
Wastewater Treatment Plant, and

WHEREAS, an Industrial Wastewater Pretreatment Program in
compliance with Title 40, Code of Federal Regulations, Part 403,
is required to monitor and control industrial wastewater at the
point of waste generation, and

WHEREAS, the City has developed and implemented an
Industrial Wastewater Program, and

WHEREAS, the County and District desire to adopt and
participate in the City's Industrial Wastewater Program, and

WHEREAS, the County and District desire to delegate
administration and enforcement of the Industrial Wastewater
Program to the City.

05
709

NOW, THEREFORE, the Parties agree as follows:

Article I: Industrial Waste Ordinance

The Parties agree that the City's Industrial Wastewater Ordinance, Roseville Municipal Code Chapter 14.26 (hereinafter referred to as the Ordinance), and any and all future amendments, shall apply to all generators of industrial wastewater that discharge such waste to the Roseville Regional Wastewater Treatment Plant. The County and the District shall within sixty (60) days from the date of this agreement amend their ordinances and regulations to adopt the Ordinance.

Article II. Enforcement

The Parties agree that the City of Roseville shall have enforcement authority over any and all users, as defined in the ordinance, that discharge waste to the Roseville Regional Wastewater Treatment Plant (RWWTTP) and that the County and District shall amend their ordinances and regulations to expressly grant the City such enforcement authority.

Article III: Administration

The Parties agree that the City shall administer the Industrial Wastewater Program in accordance with the Ordinance.

Article IV: Funding

The Parties agree that the City shall have the authority to collect fees, charges, and all costs of implementing and enforcing the program from users in accordance with the Ordinance.

Article V: Notification

The Parties agree that the City shall be notified of any potential industrial waste generator whose industrial waste will be discharged to the Roseville Regional Wastewater Treatment Plant as a result of new development or expansion of existing facilities, at the earliest possible time. In the case of County, such notification shall be made prior to the granting of a tentative map, parcel map, or use permit whichever is sooner. In the case of District, such notification shall be made immediately after District receives a request for service from a potential industrial waste generator or a request for expansion of existing facilities by a potential industrial waste generator.

Article VI: Hold Harmless

County and/or District shall defend, indemnify and hold harmless City, its officers, agents, and employees from liability of claims for damage of any nature, including but not limited to personal injury, including death, or property damage, which may arise from or be connected with the direct or indirect operations, inaction or action of the City or its contractors, subcontractors,

agents or employees arising out of or connected with this Agreement.

Article VII: Integration

This instrument constitutes the sole and only agreement of the parties hereto relating to the industrial waste pretreatment program and correctly sets forth the rights, duties and obligations of each to the other as of its date.

Article VIII: Attorney's Fees

If legal action by any party is brought against another for breach of this Agreement or to compel performance of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

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 No. 88-201 adopted by the Council of the City of Roseville on the 17th day of August, 1988, and COUNTY and DISTRICT have caused this agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

By: Robert G. Hutchison

ROBERT G. HUTCHISON,

PLACER COUNTY

By: Robert P. Mahan

ROBERT P. MAHAN, CHAIRMAN

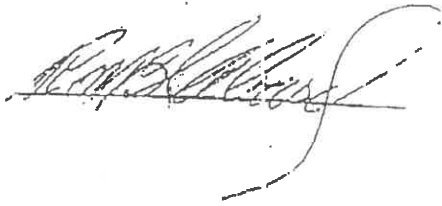
City Manager

SOUTH PLACER MUNICIPAL
UTILITY DISTRICT

ATTEST:

By:

Helen Florance
HELEN FLORANCE, city clerk



APPROVED AS TO FORM:

Michael F. Demn
MICHAEL F. DEMN, City Attorney

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

ATTEST:
City Clerk of the City of North Platte
Connie J. Pavelle
DEPUTY CLERK

EXHIBIT D

Funding Agreement Definitions (as of January 31, 2019)

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 with regards to 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.

Reclaimed Water means treated wastewater that can be used for other purposes such as irrigation. Reclaimed Water is interchangeable with Recycled Water.

Recycled Water means treated wastewater that can be used for other purposes such as irrigation. Recycled Water is interchangeable with Reclaimed Water.

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.

EXHIBIT E

Methodology for Estimating County Flows

**TECHNICAL MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

TO: Ken Glotzbach, P.E. City of Roseville DATE: June 30, 2013

FROM: Reviewed by Dave Atkinson, P.E.
Prepared by Robin Mahoney, P.E.

SUBJECT: Flow Reporting Methodology Agreement

Background

Placer County and the City of Roseville formalized an agreement in 2009 in the form of a Technical Memorandum (TM) detailing the methodology by which Placer County sewer volumes entering the City of Roseville treatment system will be metered and estimated for the purposes of billing by the City of Roseville. The TM is being revised to account for the three new meters installed by the County in 2012.

Figures 1 through 4 (attached) depict areas and meters described in this technical memorandum.

Total Flow

Placer County sewer volumes shall be the sum of the volumes that flow into the City of Roseville from four sewer district areas; Sewer Maintenance District 2, the Sunset Industrial Park District, the Dry Creek District, and the Livoti District. The methods by which flows will be metered and/or estimated from each of these areas are presented below.

Sewer Maintenance District 2 (SMD 2)

Refer to Figure 1. Sewer volume from SMD 2 shall be determined using the following formula:

$$\text{SMD-2 volume} = (\text{volume from Sierra College Flow Meter}) + (\text{volume from SMD 2 Meter}) + (\text{volume from PC-1})^1 - (\text{volume from R-2})^2$$

- ¹ PC-1 is a residential area. PC-1 volume estimations shall be calculated by multiplying the number of EDUs in these areas by 190 gallons per day for the period in question.
- ² R-2 is a commercial area including Safeway. R-2 volumes shall be estimated by the domestic water use in the area. City of Roseville shall report this use quarterly to Placer County.

The number of EDUs from PC-1 is currently 232.5. Placer County will provide the City of Roseville with current EDU numbers from PC-1 annually by January 15th.

Sunset-Whitney (CSA 28, Zone 2-A3)

Refer to Figure 2. Sewer volume from Sunset-Whitney shall be determined using the following formula:

Sunset-Whitney volume = (volume from Cincinnati Flow Meter) + (volume from Industrial Flow Meter)

Livoti (CSA 28, Zone 55)

Refer to Figure 3. Sewer volumes from Livoti shall be determined by multiplying the number of EDUs from PC-3 and PC-4 by 190 gallons per day for the period in question.

The number of EDUs from PC-3 and PC-4 is currently 17. This number is subject to change pending development. Placer County will provide the number of EDUs from these areas to the City of Roseville annually by January 15th.

Dry Creek (CSA 28, Zone 173)

Refer to Figure 4. Sewer volumes from Dry Creek shall be determined using the following formula:

Dry Creek volume = (volume from the City of Roseville meter located in a meter vault north of the primary clarifiers at the Dry Creek WWTP) + (volume from the American Vineyards Village)³.

- ³ Until approximately 96 homes are connected in American Vineyards Village (AVV) to achieve the minimum flow rates necessary to accurately meter the flow, sewer volumes from AVV shall be determined by multiplying the number of EDUs from this area by 190 gallons per day for the period in question.

The number of EDUs from AVV is currently 4. This number is subject to change pending development. Placer County will provide the number of EDUs from this area to the City of Roseville annually by January 15th.

8






9


10


July 18, 2013

E

Legend

-  Unmetered Roseville City Area (R-2)
-  Unmetered Placer County Area (PC-1)
-  Roseville Connected To County Sewer
-  Unincorporated Placer County - SMD2
-  Incorporated Area

 N

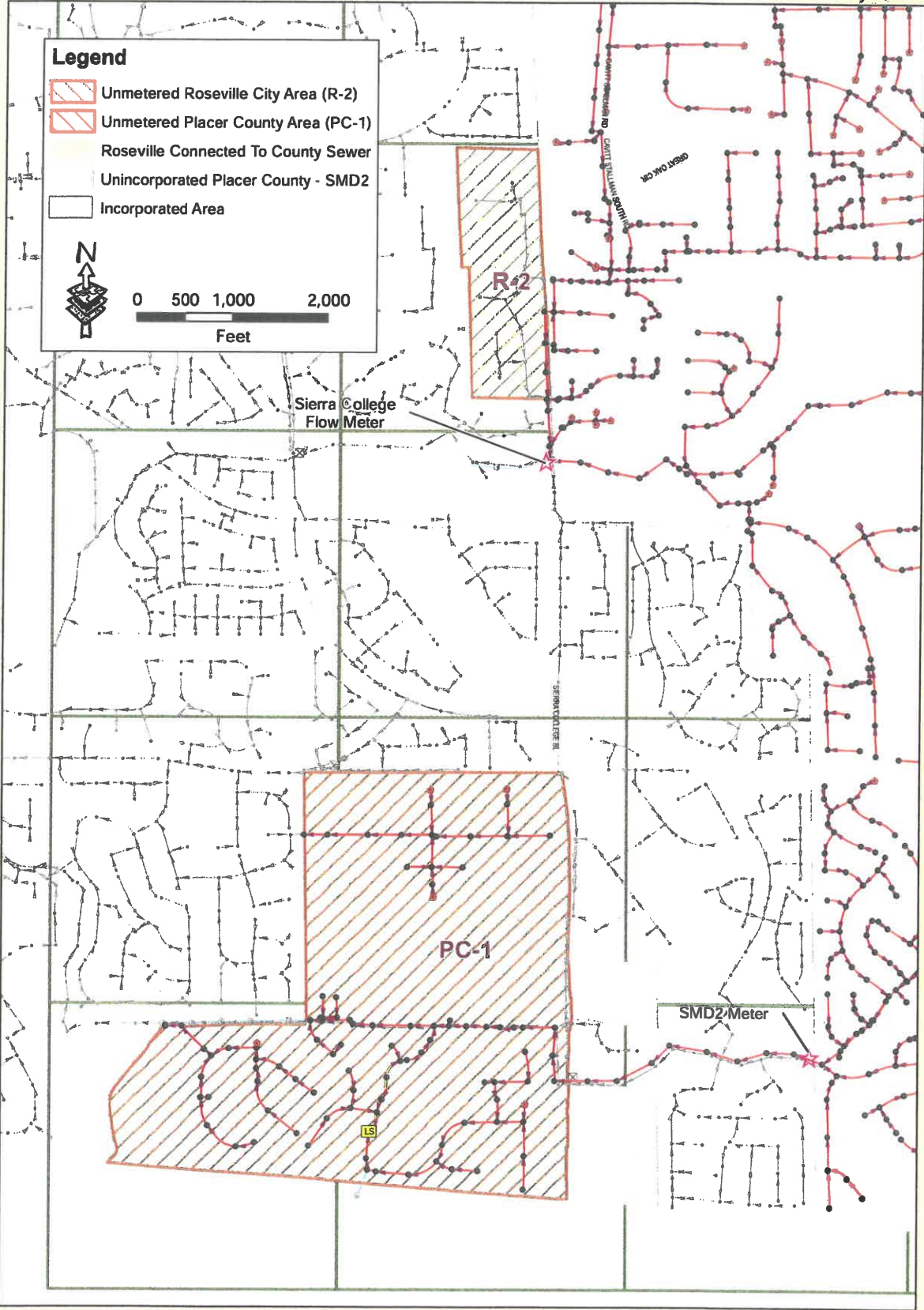
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**PLACER COUNTY (SMD 2) AND
CITY OF ROSEVILLE SANITARY SEWER**

Figure 1

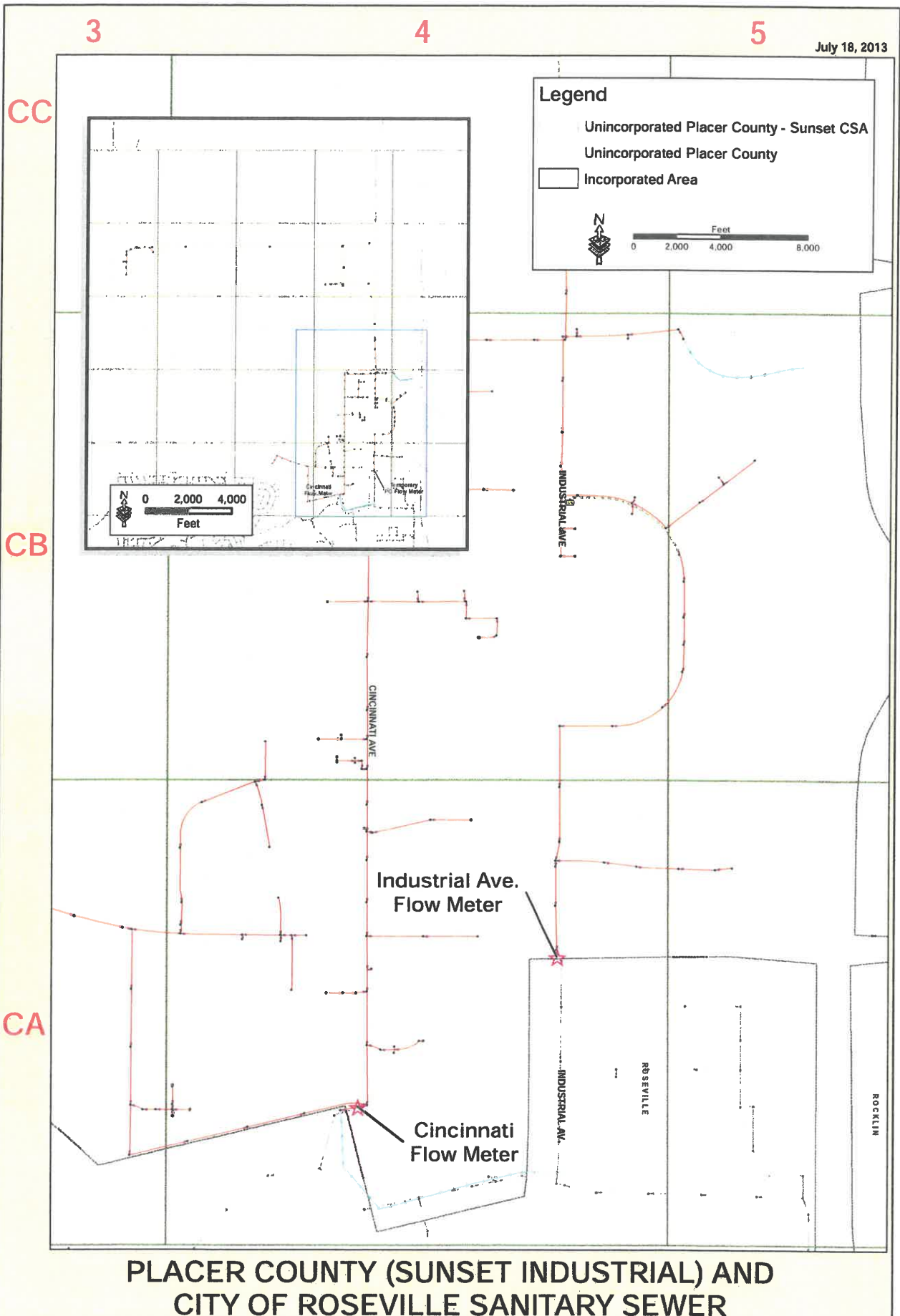
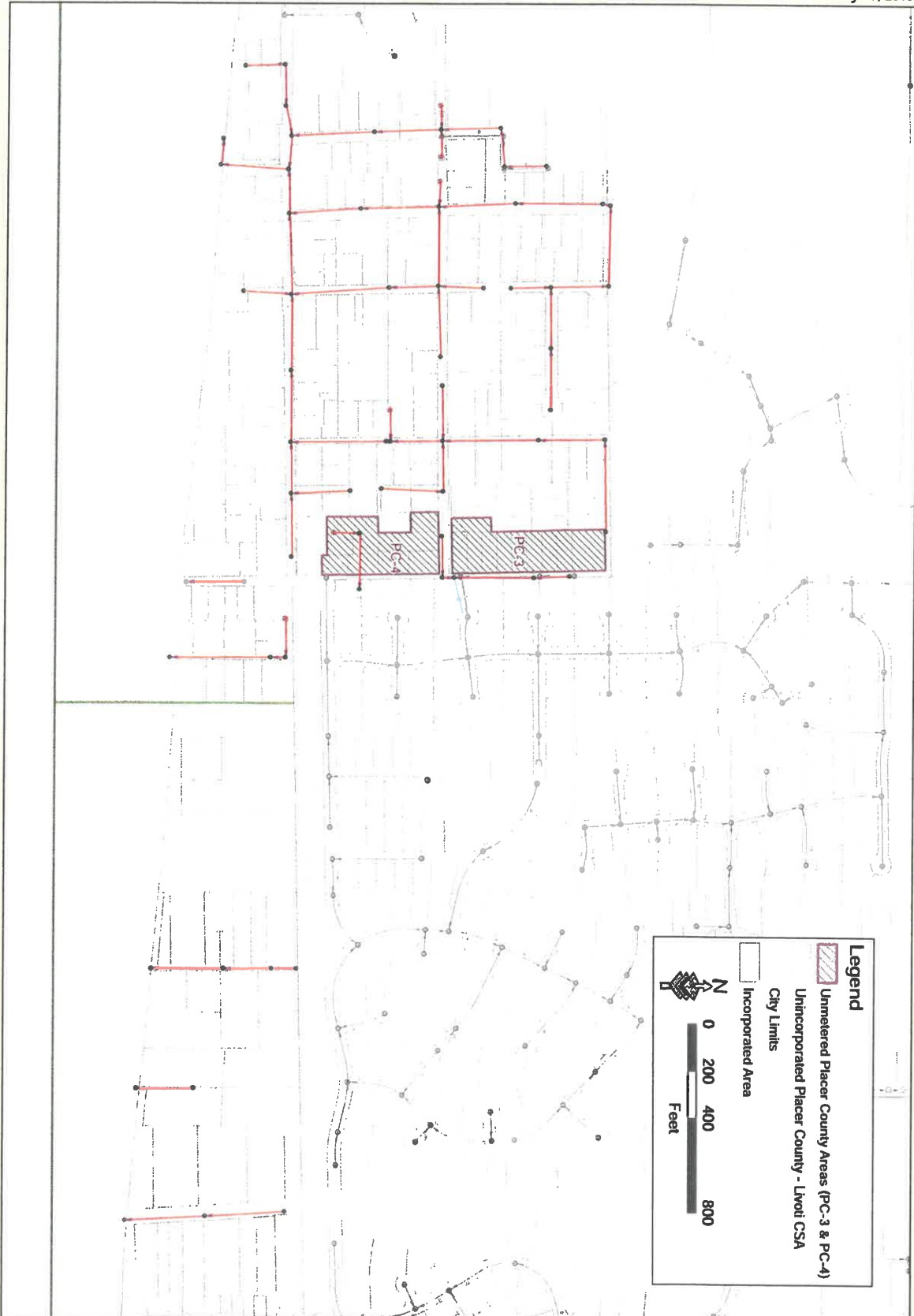


Figure 2

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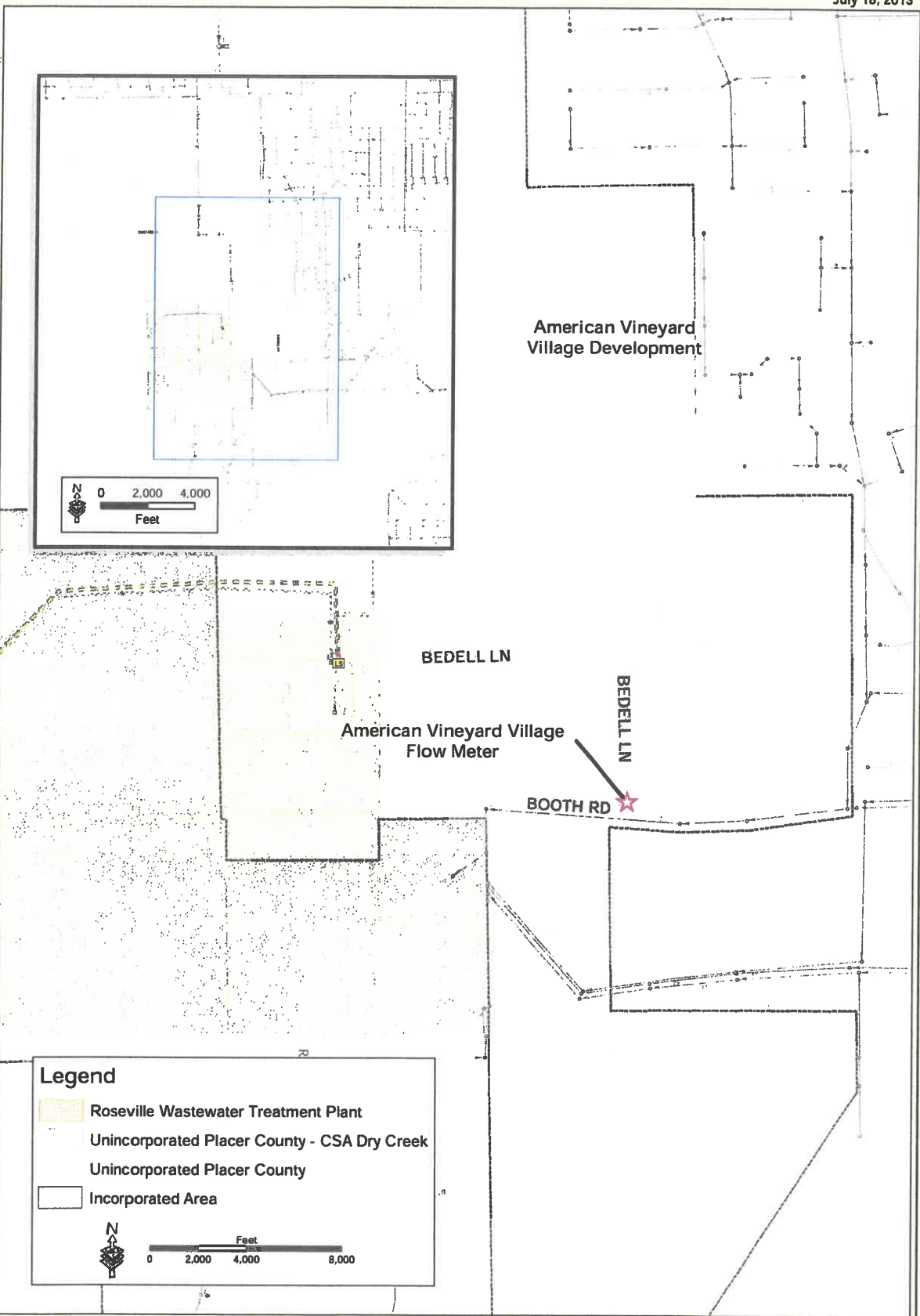
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**PLACER COUNTY (LIVOTI) AND
CITY OF ROSEVILLE SANITARY SEWER**

KC

KB



**PLACER COUNTY (AMERICAN VINEYARD VILLAGE) AND
CITY OF ROSEVILLE SANITARY SEWER**

Figure 4

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2019-03

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING
SECOND AMENDED AND RESTATED FUNDING AGREEMENT,
SECOND AMENDED AND RESTATED OPERATIONS AGREEMENT, AND
SECOND AMENDED AND RESTATED JOINT POWERS 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, the Participants hereto desire to amend and restate the October 1, 2012 Funding Agreement to memorialize, among other things, (i) the reallocation of the parties' Proportionate Shares and (ii) a requirement for each Partner to contribute to the Rate Stabilization Fund annually, as necessary, to alleviate any individual Rate Stabilization Fund deficits. The Participants intend that the Second Amended and Restated Funding Agreement supersede and replace the October 1, 2012 Amended and Restated Funding Agreement; and

WHEREAS, the Participants hereto desire to amend and restate the October 1, 2012 Operations Agreement to (i) conform the provisions of the Second Amended and Restated Operations Agreement to the provisions of the Second Amended and Restated Funding Agreement, (ii) amend specific language within the Reclaimed Water Section 14.c, and (iii) update miscellaneous information. The Participants intend that Second Amended and Restated Funding Agreement supersede and replace the October 1, 2012 Amended and Restated Operations Agreement; and

WHEREAS, the Participants also intend to amend the Amended and Restated Joint Exercise of Powers Agreement creating the Authority consistently with the changes in the Second Amended and Restated Funding Agreement and the Second Amended and Restated Operations Agreement. The Participants intend that the Second Amended and Restated Joint Exercise of Powers Agreement supersede and replace the Amended and Restated Joint Powers Agreement.

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

The Board hereby approves the following agreements (collectively, the "Agreements") in substantially the form presented at this meeting:

1. Second Amended and Restated Funding Agreement relating to the South Placer Regional Wastewater Facilities;
2. Second Amended and Restated Agreement regarding the Operation and Use of the South Placer Regional Wastewater Facilities; and
3. Second Amended and Restated Joint Powers Agreement.

Subject to approval of the foregoing Agreements by the Authority's Participants, the Board hereby authorizes and directs the Executive Director to execute and deliver the Agreements on behalf of the Authority, together with such changes, insertions and omissions as may be approved by the Executive Director and the Participants, such approval to be conclusively evidenced by the execution and delivery thereof.

* * * * *

PASSED AND ADOPTED this 31st day of January, 2019, by the following vote:

AYES: Enye, Allard, Alvard, Mitchell, Weygandt

NOES:

ABSENT:


Chairperson

Attest:



Secretary

9

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2019

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO.: 19-10

SUBJECT: Rate Stabilization Fund Balances as of November 30, 2018

For SPWA Board Meeting 1/31/19

ACTION REQUESTED

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

BACKGROUND

With the formation of the Joint Powers Authority and subsequent bond issue, a rate stabilization fund (RSF) was established to collect the participants' connection fees and pay debt service, capital costs, bond redemptions, and administrative costs. Each participant has a sub-account established within the RSF that accounts for its deposits less proportionate cost shares. Available resources include receivables and liabilities that are recognized as funds available for use.

A comparative view of the individual accounts of the participants is on the next page of this Authority Communication. For this authority communication a comparative view was presented which includes the current allocation percentages and the proposed allocation percentages.

RSF Balances based upon current allocation percentages:

Expenses and interest 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 and Reimbursements are recorded directly in each partners sub-account.

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

	<u>City of Roseville</u>	<u>SPMUD</u>	<u>Placer County</u>	<u>Total</u>
Revenues:				
Connection Fees	\$ 11,557,556	\$ 5,512,844	\$ 689,400	\$ 17,759,800
Reimbursements	-	-	500,000	500,000
Interest	1,073,243	751,831	(62,847)	1,762,227
Total Revenues	12,630,799	6,264,675	1,126,553	20,022,027
Expenses:				
Capital	1,224,806	445,546	316,035	1,986,387
Debt Service	9,047,858	3,291,332	2,334,599	14,673,789
Administrative	88,256	32,105	22,773	143,134
Total Expenses	10,360,920	3,768,983	2,673,407	16,803,310
Increase/(Decrease) in RSF Balances	2,269,879	2,495,692	(1,546,854)	3,218,717
Beginning Balance, as of July 1, 2017	71,141,086	49,688,998	(3,055,498)	117,774,586
Ending Balance, as of June 30, 2018	\$ 73,410,965	\$ 52,184,690	\$ (4,602,352)	\$ 120,993,303

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

	<u>City of Roseville</u>	<u>SPMUD</u>	<u>Placer County</u>	<u>Total</u>
Revenues:				
Connection Fees	\$ 3,419,206	\$ 781,956	\$ 156,338	\$ 4,357,500
Reimbursements	-	-	-	-
Interest	308,556	221,062	(22,156)	507,462
Total Revenues	3,727,762	1,003,018	134,182	4,864,962
Expenses:				
Capital	178,314	64,864	46,010	289,188
Debt Service	4,207,097	1,530,412	1,085,549	6,823,058
Administrative	28,481	10,360	7,349	46,190
Total Expenses	4,413,892	1,605,636	1,138,908	7,158,436
Increase/(Decrease) in RSF Balances	(686,130)	(602,618)	(1,004,726)	(2,293,474)
Beginning Balance, as of July 1, 2018	73,410,965	52,184,690	(4,602,352)	120,993,303
Ending Balance, as of November 30, 2018	\$ 72,724,835	\$ 51,582,072	\$ (5,607,078)	\$ 118,699,829

*Connection fees are reported through October 2018.

RSF balances based upon proposed reallocation:

Expenses and interest are allocated based on the participants' respective reallocated Proportionate Shares, defined in the proposed Funding Agreement as follows: Roseville—64.57%, South Placer Municipal Utility District—21.95% and Placer County—13.48%. Connection Fees and Reimbursements are recorded directly in each partners sub-account.

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

	<u>City of Roseville</u>	<u>SPMUD</u>	<u>Placer County</u>	<u>Total</u>
Revenues:				
Connection Fees	\$ 11,557,556	\$ 5,512,844	\$ 689,400	\$ 17,759,800
Reimbursements	-	-	500,000	500,000
Interest	940,921	778,553	42,753	1,762,227
Total Revenues	12,498,477	6,291,397	1,232,153	20,022,027
Expenses:				
Capital	1,282,609	436,013	267,765	1,986,387
Debt Service	9,474,866	3,220,896	1,978,027	14,673,789
Administrative	92,420	31,419	19,295	143,134
Total Expenses	10,849,895	3,688,328	2,265,087	16,803,310
Increase/(Decrease) in RSF Balances	1,648,582	2,603,069	(1,032,934)	3,218,717
Beginning Balance, as of July 1, 2017	62,596,538	51,425,550	3,752,499	117,774,586
Ending Balance, as of June 30, 2018	<u>\$ 64,245,120</u>	<u>\$ 54,028,619</u>	<u>\$ 2,719,565</u>	<u>\$ 120,993,303</u>

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

	<u>City of Roseville</u>	<u>SPMUD</u>	<u>Placer County</u>	<u>Total</u>
Revenues:				
Connection Fees	\$ 3,419,206	\$ 781,956	\$ 156,338	\$ 4,357,500
Reimbursements	-	-	-	-
Interest	268,881	229,023	9,558	507,462
Total Revenues	3,688,087	1,010,979	165,896	4,864,962
Expenses:				
Capital	186,728	63,477	38,983	289,188
Debt Service	4,405,648	1,497,662	919,748	6,823,058
Administrative	29,824	10,139	6,227	46,190
Total Expenses	4,622,200	1,571,278	964,958	7,158,436
Increase/(Decrease) in RSF Balances	(934,113)	(560,299)	(799,062)	(2,293,474)
Beginning Balance, as of July 1, 2018	64,245,120	54,028,619	2,719,565	120,993,303
Ending Balance, as of November 30, 2018	<u>\$ 63,311,007</u>	<u>\$ 53,468,320</u>	<u>\$ 1,920,503</u>	<u>\$ 118,699,829</u>

*Connection fees are reported through October 2018.

Submitted by:



Jacquelyn Flickinger, CPA
Controller

Approved:



Dennis Kauffman
Treasurer



Ken Glotzbach
Executive Director

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2019

FROM: Jacquelyn Flickinger, Controller

AUTHORITY COMMUNICATION NO 19-11

SUBJECT: 2017-18 Final Rate Stabilization Fund Summary

For SPWA Board Meeting of 1/31/19

ACTION REQUESTED

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

BACKGROUND

Attached is the fund summary for the final activity in fiscal year 2017-18.

Final Activity for fiscal year 2017-18:

- Interest was higher than budget by \$540.3 thousand due to rising interest rates and higher than expected returns.
- Connection fees were higher than budget by \$4.5 million due to additional connection fees received.
- Operating expenses were lower than budget by \$86.0 thousand due to conserving operating expenses.
- Capital expenses were lower than budget by \$4.0 million due to projects not being completed as of fiscal year end. The amount remaining will automatically carryforward to fiscal year 2018-19.
- Debt service payments were lower than budget by \$209.4 thousand due to conservative budgeting of variable rate debt.
- As a result of all changes, fund balance increased by \$3.2 million from \$117.7 million to \$121.0 million.

Submitted by:

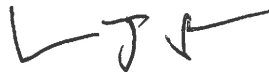


Jacquelyn Flickinger, CPA
Controller

Approved:



Dennis Kauffman
Treasurer



Ken Glotzbach
Executive Director

South Placer Wastewater Authority: Final Activity FY 2017-18

Rate Stabilization Fund

	Amended Budget 2017-18	Actual 2017-18	Variance Favorable (Unfavorable)	Percent of Budget
Operating Revenues:				
Interest	\$ 1,221,886	\$ 1,762,227	\$ 540,341	144.22%
Connection Fees	13,221,710	17,759,800	4,538,090	134.32%
Repayment from County	500,000	500,000	-	100.00%
Total Revenues	14,943,596	20,022,027	5,078,431	133.98%
Operating Expenses:				
JPA Staff	90,422	78,779	11,643	87.12%
Legal Services	40,000	28,894	11,106	72.24%
Financial Advisory Services	50,000	-	50,000	0.00%
Audit Services	25,000	22,193	2,807	88.77%
Trustee/Investment Fees	-	-	-	0.00%
Insurance	21,009	12,381	8,628	58.93%
Copying/Mailing/Supplies	2,250	887	1,363	39.42%
Travel/Meetings	500	-	500	0.00%
Miscellaneous	-	-	-	0.00%
Total Operating Expenses	229,181	143,134	86,047	62.45%
Capital and debt service expenses:				
Capital expenses	6,006,085	1,986,387	4,019,698	33.07%
Debt service payments	14,883,147	14,673,789	209,358	98.59%
Total Capital and Debt Service Expenses	20,889,232	16,660,176	4,229,056	79.75%
INCREASE (DECREASE) FROM OPERATIONS	(6,174,817)	3,218,717	\$ 9,393,534	-52.13%
FUND BALANCE, BEGINNING OF YEAR	117,774,586	117,774,586		
FUND BALANCE, END OF YEAR	\$ 111,599,769	\$ 120,993,303		



AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: January 7, 2019

FROM: Kenneth Glotzbach / Executive Director

AUTHORITY COMMUNICATION NO.: 19-12

SUBJECT: 2005 SPWA Service Area Boundary Adjustment – Roseville Creekview Specific Plan Area

For SPWA Board Meeting January 31, 2019

ACTION REQUESTED

Staff requests that the South Placer Wastewater (SPWA) Authority Board approve a modification to the Authority's 2005 Service Area Boundary (SAB) to add the Roseville Creekview Specific Plan Area.

BACKGROUND

Since the completion of the 1996 Master Plan and Environmental Impact Report (EIR), several areas have been annexed by SPWA partner agencies. These areas include the West Roseville Specific Plan (WRSP) area, Clover Valley Lakes, Loomis Hills Estate and Sierra College in the SPMUD service area, along with six other small annexations. This service area has been referred to as the 2005 Regional Service Area and was delineated and adopted by the SPWA board.

The South Placer Wastewater Authority System Evaluation (RMC, 2009) also identified twelve planning areas adjacent to but outside the 2005 Regional Service Area that were referred to as Urban Growth Areas (UGAs). The Creekview Specific Plan was one of these UGA's.

In order to adjust the SAB, California Environmental Quality Act (CEQA) requirements must be addressed. In general, the CEQA process for UGA projects is initiated by the local jurisdiction with land use authority. This could include any of the following agencies that receive sewer service from SPWA: Placer County, the City of Roseville, the City of Rocklin, and the Town of Loomis. These agencies are collectively referred to as local "Lead Agencies." Local Lead Agencies would be the first agency to take discretionary action relating to the approval of a proposed UGA project. As a result, they would serve as the CEQA Lead Agency and be responsible for the first tier of the CEQA document for the UGA project. SPWA serves as a funding and financing authority for the construction of Regional Wastewater Facilities. In doing so, the SPWA acts as a CEQA "Responsible Agency." As a Responsible Agency, SPWA relies on the UGA project CEQA documentation prepared by the local Lead Agencies when taking discretionary actions related to funding or financing. SPWA does not act as a Lead Agency.

The City of Roseville acted as the local Lead Agency for the Creekview Specific Plan Area project. The Creekview Specific Plan EIR (State Clearinghouse #2008032017) was adopted by the Roseville City Council on September 19, 2012 and fulfills the City's and SPWA's CEQA obligations for the requested SAB modification. The Creekview Specific Plan Area to be included in the SAB with this change is shown on Exhibit A. The service

area including Creekview Specific Plan Area will be identified as the 2019 Service Area Boundary in the future.

Submitted by:

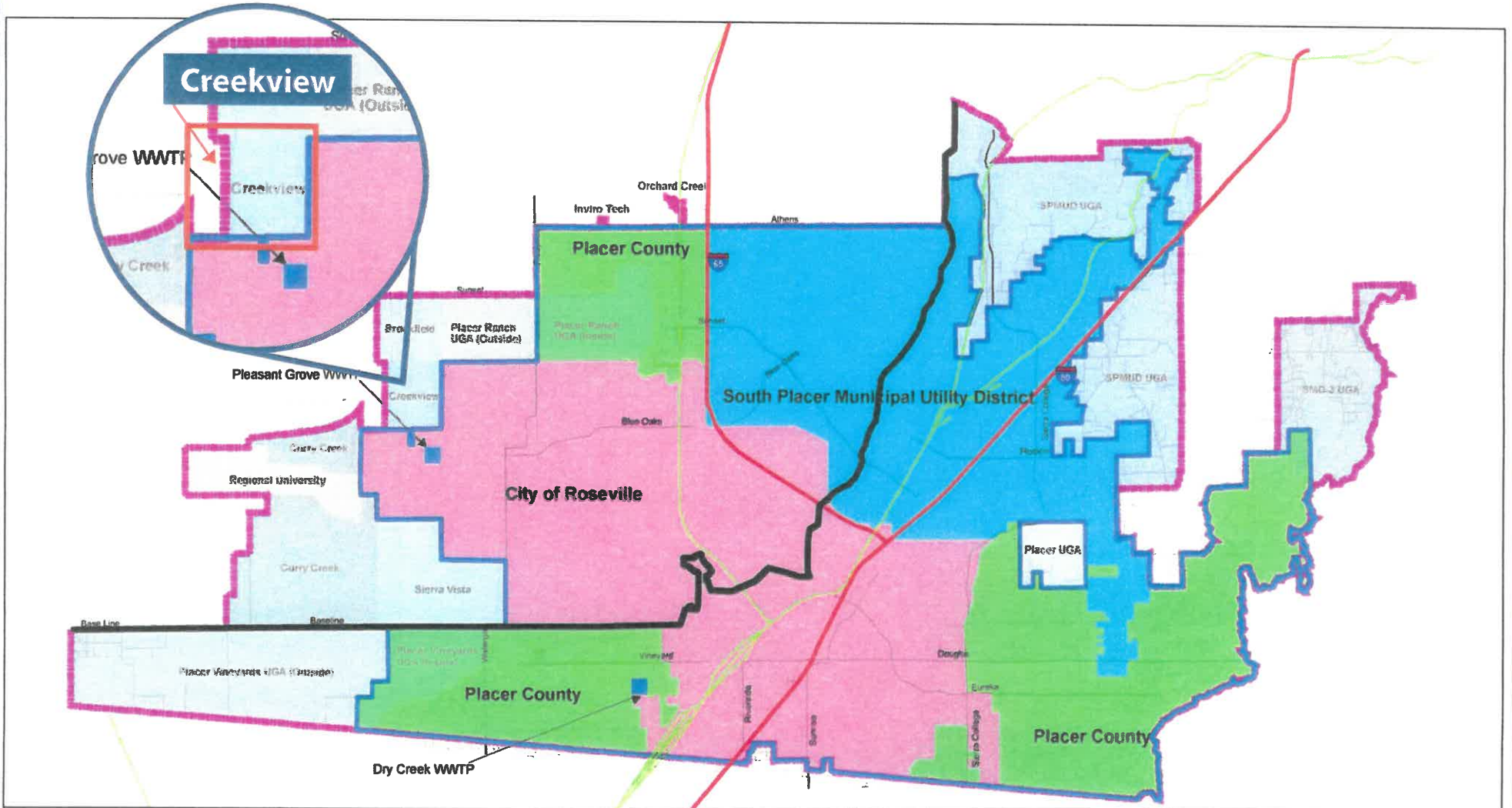


Kenneth J. Glotzbach
Executive Director

EXHIBIT A

SPWA SERVICE AREA BOUNDARY WITH CREEKVIEW SPECIFIC PLAN AREA

Figure ES - 4: SPWA Partner Agencies, 2005 Regional Service Area Boundary, Ultimate Service Area Boundary, and UGAs



Legend

Railroad	City of Roseville
Freeway	Placer County
2005 Regional Service Area Boundary	South Placer Municipal Utility District
Ultimate Service Area Boundary	Parcels
Sewershed Break	

SOUTH PLACER WASTEWATER AUTHORITY

South Placer Regional Wastewater and Recycled Water Systems Evaluation

Miles

SOUTH PLACER WASTEWATER AUTHORITY

**RESOLUTION NO. 2019-04
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH PLACER WASTEWATER AUTHORITY
MODIFYING THE AUTHORITY'S SERVICE AREA BOUNDARY**

BE IT RESOLVED by the Board of Directors ("Board") of the South Placer Wastewater Authority ("Authority") as follows:


The Board hereby approves the modification of the Authority's 2005 Services Area Boundary to include the Roseville Creekview Specific Plan Area, as depicted in Exhibit "A" to this Resolution.

PASSED AND ADOPTED this 31st day of January 2019, by the following vote:

AYES: Gore, Allard, Award, Mitchell, Weygandt

NOES: —

ABSENT: —


Chairperson

ATTEST:


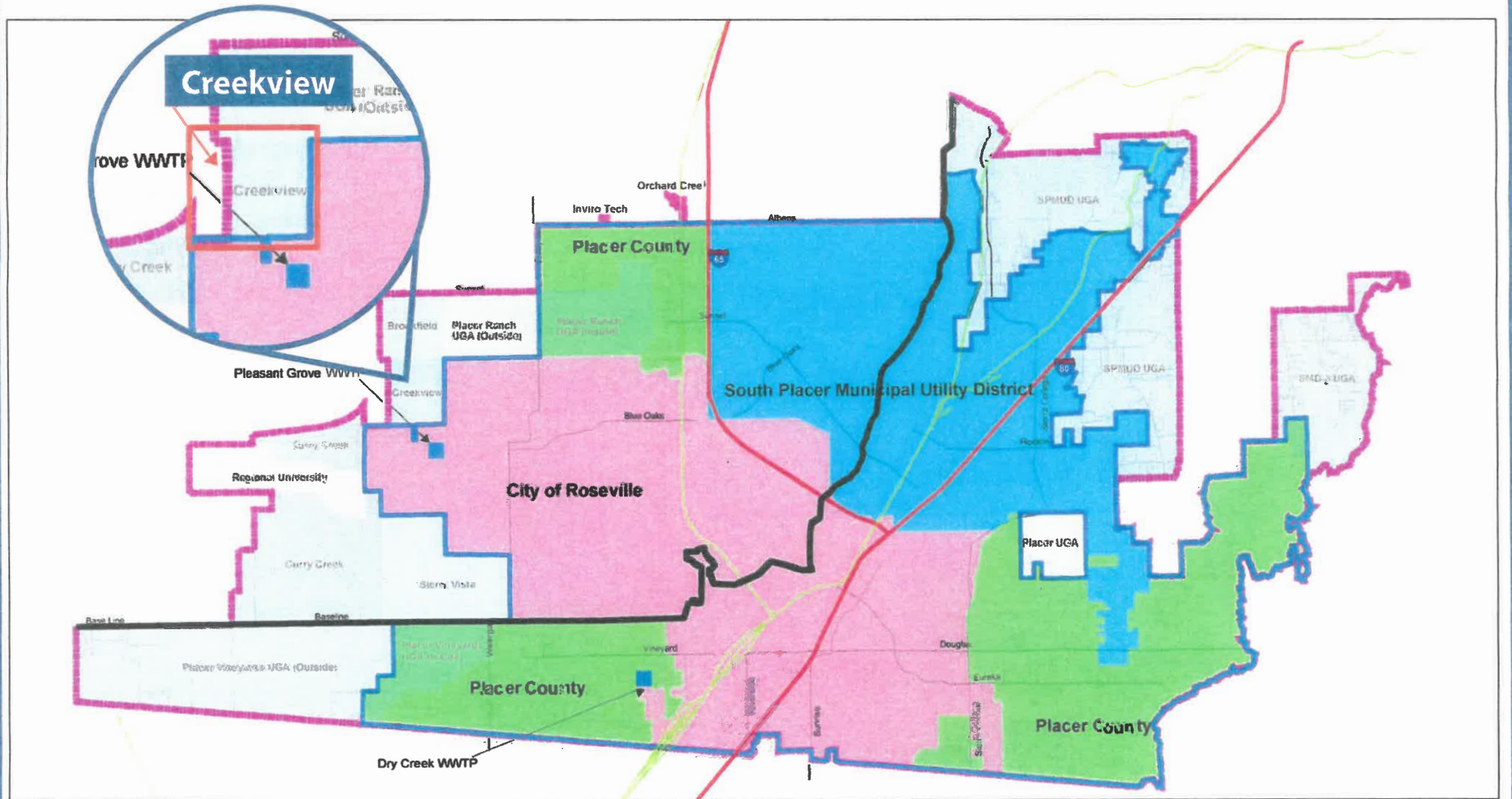

Secretary

EXHIBIT "A"

Figure ES - 4: SPWA Partner Agencies, 2005 Regional Service Area Boundary, Ultimate Service Area Boundary, and UGAs



Legend

Railroad	City of Roseville
Freeway	Placer County
2005 Regional Service Area Boundary	South Placer Municipal Utility District
Ultimate Service Area Boundary	Parcels
Sewershed Break	

SOUTH PLACER WASTEWATER AUTHORITY

South Placer Regional Wastewater and Recycled Water Systems Evaluation

North arrow pointing up (N), South (S), East (E), and West (W).

Scale bar: 0, 1, 2, 4, 6 Miles.