

# **APPENDIX “D”**

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

**Original signed copies of this agreement on file at the  
Placer County Board of Supervisor’s office**

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

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

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

**RECITALS**

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this Agreement, the JPA Agreement and the Operations Agreement (defined below), shall supersede and replace the Other Superseded Agreements (defined below), except for Sections 5 through 13 of the Settlement Agreement (defined below).

**AGREEMENT**

NOW THEREFORE, the parties hereto agree as follows:

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

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

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

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

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

Authority is defined in the preamble.

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

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

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

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

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

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

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

City is defined in the preamble.

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

County is defined in the preamble.

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

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

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

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

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

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

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

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

District is defined in the preamble.

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

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

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

Event of Default means:

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

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

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

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

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

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

JPA Agreement is defined in Recital A.

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

MGD means millions of gallons per day.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **2. Purpose and Intent of Agreement.**

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

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

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

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

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

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

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

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

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

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

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

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

- 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 15<sup>th</sup> day of each month, along with a summary report of (A) the Regional Connection Fees collected during the preceding month, (B) the dates on which the collected Regional Connection Fees were assessed, (C) the development projects (including number of EDU's) for which the collected Regional Connection Fees were assessed, and (D) any deferred Regional Connection Fees (as provided below), with copies of said report to be given to each of the other Participants.

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

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

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

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

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

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

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

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

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

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

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

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

## **12. Determination of Participants' Proportionate Shares.**

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

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

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

<b><u>Participant</u></b>	<b><u>Proportionate Share</u></b>
City:	61.66%
County:	15.91%
District:	22.43%
	-----
TOTAL:	100%

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

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

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

d. Intentionally Omitted.

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

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

**13. Covenants of the Participants.**

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

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

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

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

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

f. Against Sale, Eminent Domain.

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

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

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

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

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

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

## Bonds.

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

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

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

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

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

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

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

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

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

**14. Amendments; Expiration of Certain Provisions.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**17. Arbitration Regarding Repayment Schedules and Interest Rates.**

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

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

parte to consider the matter.

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

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

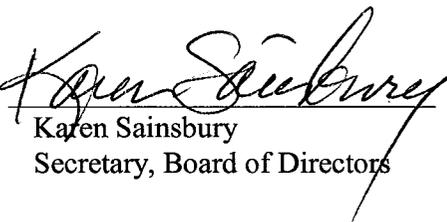
**18. Counterparts.** This Agreement may be executed in any number of counterparts, and by different parties in separate counterparts, each of which, when executed and delivered, shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

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

**SOUTH PLACER WASTEWATER AUTHORITY**

BY:   
Derrick Whitehead  
Executive Director

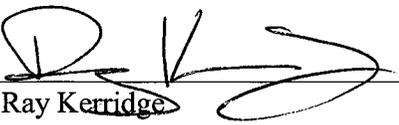
ATTEST:

BY:   
Karen Sainsbury  
Secretary, Board of Directors

APPROVED AS TO LEGAL FORM:

BY:   
Paul J Chrisman  
Authority's General Counsel

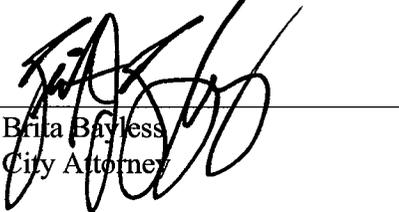
**CITY OF ROSEVILLE**

BY:   
Ray Kerridge  
City Manager

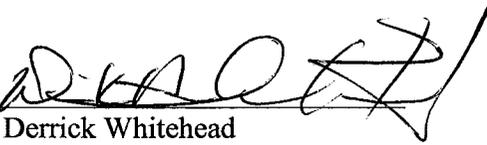
ATTEST:

BY:   
Sonia Orozco  
City Clerk

APPROVED AS TO FORM:

BY:   
Brita Bayless  
City Attorney

APPROVED AS TO SUBSTANCE:

BY:   
Derrick Whitehead  
Environmental Utilities Director

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

BY:   
Charley Clark  
General Manager

APPROVED AS TO FORM:

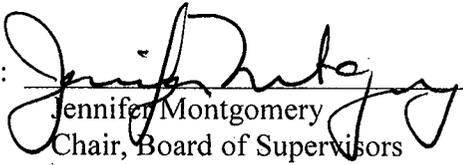
BY:   
Adam Brown  
District Counsel

ATTEST:

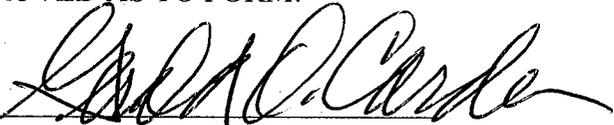
BY:   
Charley Clark  
Secretary to the Board of Directors



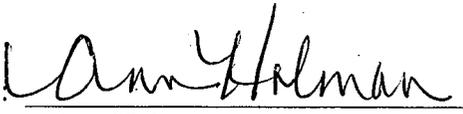
COUNTY OF PLACER

BY:   
Jennifer Montgomery  
Chair, Board of Supervisors

APPROVED AS TO FORM:

BY:   
~~Anthony J. LaBouff~~ Gerald O. Carden  
County Counsel

ATTEST:

BY:   
Ann Holman  
Clerk, Board of Supervisors



## EXHIBIT A

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

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

#### MODEL SUMMARY

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

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

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

\*Adjusted capacity based on influent loading rates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

\* Lump sum amount for recycled water capital projects.

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

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

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

\* UV cost in million \$ per mgd

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

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

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

## Other Deal Points

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

RESOLUTION NO. 12-313

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

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

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

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

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

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

A. The following agreements are hereby approved:

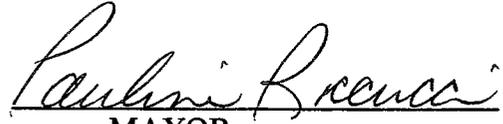


1. The Amended And Restated Joint Exercise Of Powers Agreement For The South Placer Wastewater Authority;
2. The Amended And Restated Funding Agreement Relating To The South Placer Regional Wastewater Facilities;
3. The Amended And Restated Agreement Regarding The Operation and Use Of The South Placer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

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

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

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

  
 \_\_\_\_\_  
 MAYOR

ATTEST:  
  
 \_\_\_\_\_  
 City Clerk

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

ATTEST:  
 \_\_\_\_\_  
 City Clerk of the City of Roseville, California  
  
 \_\_\_\_\_  
 DEPUTY CLERK

