

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

May 24, 2017 – 6:00 p.m.

BOARD OF DIRECTORS

Ken Miller	President
Bob Walters	Vice President (Absent)
Ted Costa	Director
Dan Rich	Director
Pam Tobin	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance
Tony Barela	Operations Manager
Teri Grant	Board Secretary/Administrative Assistant
Lisa Brown	Customer Service Manager
George Machado	Field Services Manager
Jason Mayorga	SJWD Staff
Rose Strohmaier	SJWD Staff
Greg Zlotnick	Water Resources Specialist

OTHER ATTENDEES

Sandy Harris	Customer
Dave Underwood	FOWD
Francesca Martone & Family	Poster Contest Winner
Ethan Tattersfield & Family	Poster Contest Winner
Mitch Dion	Self
Stacy McCoy	Self
Dave Fama	Jones Hall, Bond Counsel
Dennis McGuire	Piper Jaffray, Bond Underwriter
Wing-See Fox	Urban Futures, Financial Advisor

AGENDA ITEMS

- I. Presentation**
- II. Public Forum**
- III. Consent Calendar**
- IV. Old Business**
- V. New Business**
- VI. Information Items**
- VII. Directors' Reports**
- VIII. Committee Meetings**
- IX. Upcoming Events**
- X. Adjourn**

President Miller called the meeting to order at 6:00 p.m. With no objections from the Board, he moved Agenda Item I after Agenda Item III to allow time for the contest winners to arrive to the meeting. The meeting minutes will remain in the original agenda order.

I. PRESENTATION

1. Poster Contest Winners – President Ken Miller

President Miller presented the Poster Contest awards to student winners in attendance, Francesca Martone and Ethan Tattersfield. The Poster Contest winners for SJWD are as follows:

- 1st Place - Francesca Martone – Mrs. Nelson’s 4th grade class
- 2nd Place - Asha Karmakar – Mrs. Harper’s 5th grade class
- 3rd Place - Ethan Tattersfield – Mrs. Nelson’s 4th grade class

II. PUBLIC FORUM

There were no public comments.

III. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by one motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

1. Minutes of the Board of Directors Meeting, April 26, 2017

Recommendation: Approve draft minutes

2. Payment of Bills and Claims

Recommendation: Adopt Resolution No. 17-12

3. Treasurer’s Report – Quarter Ending March 31, 2017

Recommendation: Receive and File

4. Authorization to Procure Grazing Services for District @ Baldwin and Kokila Reservoirs

Recommendation: Authorize staff to procure grazing services for the Baldwin and Kokila Reservoirs in the amount of \$16,000 to NM Ranch for FY16-17

Director Tobin moved to approve Consent Calendar. Director Rich seconded the motion and it carried with 4 Aye Votes. (Director Walters absent)

Director Costa requested that the Finance Committee discuss the CalPERS payments and what programs they cover.

IV. OLD BUSINESS

1. Recruitment of AGM and Other Positions (W & R)

Mr. Helliker reviewed the written staff report which will be attached to the meeting minutes. He explained that, with Keith Durkin retiring, the duties of the Assistant General Manager (AGM) position were reviewed. The AGM's primary duties fell into three categories – external activities, infrastructure projects, and management activities.

Mr. Helliker reviewed the list of external activities (attachment 1 of the staff report) and explained that, with the addition of Greg Zlotnick, many of the external activities are already being covered by Mr. Zlotnick and himself. Mr. Helliker explained that Mr. Durkin over-saw many infrastructure projects and those responsibilities could be delegated to Mr. Tony Barela along with the engineering staff. Mr. Helliker explained that should there be any engineering work which staff cannot handle then an outside contractor could be hired. Furthermore, many of the management staff activities could be covered through some changes in the organizational structure.

Mr. Helliker recommends that an HR Specialist position and a Safety/Regulatory Compliance Coordinator position be created so that certain duties could be removed from Ms. Silva and Mr. Barela. By removing those duties, Ms. Silva and Mr. Barela could then utilize the additional time to take over duties from the AGM position, thus eliminating the need for the AGM position. In addition, he mentioned that the both positions have been recommended in HR audits from 2005 and 2016. He provided the Board with a needs assessment for the Safety/Regulatory Compliance Coordinator position (attachment 6 of the staff report).

Mr. Helliker provided the Board with a cost analysis for three scenarios (attachment 7 of the staff report). He explained that scenario 2 is the recommended scenario, which would eliminate the AGM position and create the two new positions. This scenario would cost less than the total compensation of the current AGM position and slightly more than the proposed total compensation of a new AGM.

Mr. Helliker informed the Board that staff discussed this topic with the Personnel Committee at two meetings. At the first meeting, the need to fill the AGM position was discussed and the committee asked questions regarding the organizational structure and other needs at the District. At the second meeting, Mr. Helliker provided further analysis, as referenced in the staff report. He commented that the Personnel Committee liked staff's recommendation and requested that the Board discuss the recommendation.

Director Costa voiced concern regarding the process, how the positions would affect PERS, and not having an Acting General Manager in the absence of the General Manager. Director Costa suggests that the topic be sent back to the Personnel Committee for review and recommendation. Director Rich (chair of

the Personnel Committee) commented that the Personnel Committee did review the information and supported the re-organization of the District; however, due to potential far reaching implications, the committee wanted the Board to discuss the topic since the proposal was not to just replace a position, but to restructure the District. Mr. Helliker commented that he discussed his plan with the committee to move the Customer Service & Conservation Department from reporting under Mr. Barela to report under Ms. Silva. In response to Director Costa's comment, Director Rich informed the Board that PERS costs are included in the total compensation for the two positions. Mr. Helliker explained that the cost of the two recommended positions would be covered by avoiding the cost of filling the one AGM position.

Director Tobin commented that she prefers scenario 3 – keeping the AGM and adding an HR position. She voiced concern regarding eliminating the AGM position and strongly feels that the AGM position is needed as a back up to the General Manager. In response to Director Tobin's question, Mr. Barela explained that moving the Customer Service & Conservation Department to Ms. Silva will not free up his time to cover the extra duties of the AGM along with the safety and regulatory compliance duties. Director Tobin mentioned that succession planning is also an issue without an AGM position.

Mr. Helliker commented that well-run organizations have a management structure that allows the organization to continue on in the event of the General Manager's absence. He explained that he has not had an AGM in previous General Manager positions which he held, and with the reorganization of responsibilities he feels that all AGM duties would be covered. His goal was to present an alternative that would meet the District's needs within the budget parameters in order to provide support and fill responsibilities.

Director Costa suggested that the HR position be considered a half-time position. In addition, he voiced concern that somebody has to be in charge when the General Manager is not available. Mr. Helliker commented that he would appoint an Acting General Manager in the event of his absence, which would be either Ms. Silva, Mr. Barela or another manager. In addition, Mr. Helliker explained that the HR position is not strictly an HR position and other duties would be assigned so the position would need to be a full-time position, as outlined in the HR Audit that Bryce Consulting completed.

President Miller referred further discussion on this topic to the Personnel Committee for review of concerns and to provide a recommendation to the Board. Director Rich commented that the Personnel Committee has had two meetings on this topic and at the first meeting the discussion was to replace the AGM but in addition the committee suggested that the General Manager look at other ways to fill the needs of the District, which is what was presented at the second committee meeting and at this Board meeting. Director Tobin would like more information regarding filling the HR position as a half-time position, keeping the AGM, and filling the Safety/Regulatory Compliance Coordinator position as a half-time position. President Miller declined Director Costa's request to have

Director Tobin serve as the Alternate on the Personnel Committee should Director Walters not be available.

V. NEW BUSINESS

1. Advance Refunding of the Series 2009A Certificates of Participation (W & R)

Ms. Silva introduced the financing team which consists of Wing-See Fox, Financial Advisor from Urban Futures; Dennis McGuire, Bond Underwriter from Piper Jaffray; and Dave Fama, Bond Counsel from Jones Hall. She explained that the financing team has been working to pull the documents together for the advance refunding of the Series 2009A Certificates of Participation. She reviewed the written staff report which will be attached to the meeting minutes.

Ms. Silva explained that the bonds were originally issued in June 2009 in the amount of \$30,510,000 at an average interest rate of 5.83%. She informed the Board that the interest amount would have been \$38.4 million for a total cost of \$68.9 million. There are \$28,375,000 of the 2009 Certificates still outstanding at this time and the refunding average interest rate is approximately 4.97% (and an All-in True Interest Cost of approximately 3.73%). The reduction in interest rate will reduce debt service payments by approximately \$11.21 million through Fiscal Year 2039, and provided an annual savings of approximately \$400,000. She informed the Board that the total interest payment will amount to approximately \$17.8 million.

Ms. Silva informed the Board that Standards & Poor affirmed the District's AA bond rating. In addition, she explained that the bonds are allocated 64% to wholesale and 36% to retail. Mr. Helliker commented that this information was presented to the Finance Committee and their recommendation was to move forward with the bond refunding.

Ms. Silva commented that one question which the committee asked was whether there was an alternative funding avenue. She commented that this seems to be the best funding source to use and had Ms. Wing-See Fox further explain the funding. Ms. Fox explained that they looked at both public offering and private placement for refunding the bonds. Ms. Fox explained that due to the length of the bond, until 2039, the best rates are with a public offering. Ms. Fox explained that private placement, typically through a bank, has a term of 15-20 years and the rate was higher than the public offering. In addition, Ms. Fox explained that borrowing through the NSRF or State Water Resources Control Board would not work as those funds are for financing capital projects, not for refinancing.

In response to Director Costa's question, Ms. Fox explained that Union Bank would be the escrow agent and trustee, which was selected by staff, and there would not be any cost savings to hire a different trustee.

In response to Director Rich's question, Ms. Silva explained that the fee for Bond Counsel is a negotiated fixed fee and is a combination of Bond Counsel and

Disclosure Council fees, the Financial Advisor cost is a negotiated fixed fee, and the Bond Underwriter fee is a negotiated fee based on the sale of the bonds. Ms. Fox explained that the fee per bond is 0.45% which comes to \$4.50 for a \$1,000 bond. Ms. Fox commented that the savings which Ms. Silva referenced is net of all costs. In response to President Miller's question, the financing team agreed that the staff report reflects the financing team's conclusions.

Director Costa moved to adopt Resolution 17-13 authorizing the issuance and sale of water revenue refunding bonds for the purpose of refinancing the costs of acquiring and constructing water system improvement projects, approving an official statement and related matters. Director Tobin seconded the motion and it carried with 4 Aye votes. (Director Walters absent)

2. Payment Towards Unfunded Pension Liability (W & R)

Ms. Silva reviewed the written staff report which will be attached to the meeting minutes. She explained that by paying down the unfunded pension liability the District will save approximately \$4.1 million. In addition, she mentioned that CalPERS is changing their discount rate from 7.5% to 7% over the next three years which will result in an increase to the District's unfunded liability.

Ms. Silva recommends that the Board authorize staff to utilize funds from reserves, as shown in the staff report, to pay \$4,112,000 towards the first tier plan, which has the largest unfunded liability. She explained that the District is paying more in interest (7.5%) to CalPERS than those reserves are earning at 1.3%.

Director Costa moved to authorize staff to make a payment of \$4,112,000 to pay down a portion of the current unfunded pension liability. Director Tobin seconded the motion and it carried with 4 Aye votes. (Director Walters absent)

3. Fair Oaks 40-Inch Pipeline Relining Project – Design/Bidding Services

Mr. Barela informed the Board that Phase II of the Fair Oaks 40-Inch Pipeline Rehabilitation Project has begun. He explained that approximately 5 years ago Phase I of the project was completed and it was explained at that point that additional work would be needed. He provided the Board with a staff report which will be attached to the meeting minutes.

Director Tobin moved to award a services contract to Quincy Engineering, Inc. for the amount of \$179,540 for design engineering services for the FO-40 Relining Project with an 8% Contingency for a total authorized budget of \$194,000. Director Rich seconded the motion and it carried with 4 Aye votes. (Director Walters absent)

VI. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 General Manager's Monthly Report

Mr. Helliker reviewed the written staff report which will be attached to the meeting minutes. He explained that this report will be provided on a monthly basis and covers operations and monthly financial reports. He requested the Board let him know if they want any changes made to the report. In addition, he informed the Board that the Los Lagos Tank Recoating Project was completed within budget on April 19, 2017, and the Notice of Completion was recorded with the county.

1.2 Miscellaneous District Issues and Correspondence

Mr. Helliker informed the Board that he and Ms. Silva met with Tom Gray, FOWD, regarding the flyer that the FOWD Board wanted to send to their customers regarding rate increases. Mr. Helliker mentioned that the 2x2 SJWD/FOWD committee reviewed the flyer and he had some comments on the flyer as well. Mr. Helliker and Ms. Silva worked with Mr. Gray to help make the message clear and concise, and Mr. Gray will provide a second draft.

Mr. Helliker informed the Board that Mr. Keith Durkin gave final testimony on phase one of the Cal WaterFix hearing regarding impacts on other water users. He explained that phase two will begin soon regarding environmental issues, during which the modified flow management standard will be addressed. In addition, he mentioned that the Bureau of Reclamation released their proposed approach on cost allocations for Cal WaterFix, which is basically an opt-in approach - meaning if you want to participate in getting the benefits of the tunnels then you will have to pay for it. In response to Director Costa's question, Mr. Helliker explained that the District would have to decide on opting into the tunnel capacity by September. However, Mr. Helliker suggests that the District not opt in and instead just pay for the use of the tunnels in conjunction with specific water transfers.

Mr. Helliker reported that he attended Cap-to-Cap in Washington DC and the ACWA Spring Conference. Director Tobin commented that there might be an opportunity to participate in only the R3 Group meetings in Washington DC and she would like to consider this for next year.

Mr. Helliker reported that he and Mr. Zlotnick will be meeting with the Department of Water Resources to discuss specifically what is needed to complete conserved water transfers. In addition, he informed the Board that Director Tobin discussed water transfers with a couple of water agencies that are interested in receiving the water at the ACWA Spring Conference.

2. DIRECTOR OF FINANCE'S REPORT

2.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the District received the Certificate of Achievement for Excellence in Financial Reporting for the CAFR from the Government Finance Officers Association.

Ms. Silva informed the Board that the budget will be brought to the Board for review at the June 14th Board meeting and to the public hearing at the June 28th Board meeting, with any Board revisions, for adoption.

3. LEGAL COUNSEL'S REPORT

3.1. Legal Matters

No report.

VII. DIRECTORS' REPORTS

1.1 SGA

No report.

1.2 RWA

Director Tobin reported that RWA Executive Committee met May 24, 2017. She provided a written report which will be attached to the meeting minutes. She reported that they discussed the Executive Director's Evaluation Committee, the Defined Benefit Pension Plan Funding Policy 500.15, Legislative and Regulatory Updates, and Strategic Plan Progress Updates. Mr. Helliker commented that RWA has taken a lead on the water conservation bills and has been very effective.

1.3 ACWA

1.3.1 Local/Federal Government/Region 4 - Pam Tobin

Director Tobin reported that she attended the Federal Affairs Committee, the Local Government Committee, and the Legal Affairs Committee meetings at the ACWA Spring Conference. She provided a written report which will be attached to the meeting minutes.

1.3.2 JPIA - Bob Walters

Director Tobin reported that she represented the District at the JPIA meeting in Director Walters' absence. She provided a written report which will be attached to the meeting minutes.

1.3.3 Energy Committee - Ted Costa

Director Costa reported that he attended the Energy Committee meeting at the ACWA Spring Conference. He reported that he also attended the small hydro meeting.

Mr. Helliker informed the Board that the District has been notified by PG&E and SMUD that they are changing the time of use peak period

window. The peak period will be moving to later in the day. This is due to the fact that there is enough capacity to meet demand during the current peak period with solar power produced and distributed in California. He explained that the District's energy rates will be changing which will affect the net metering on the solar energy. He will report back when more information is received. Director Costa suggested that staff reconcile the energy bills with the solar net metering to assure that the District is receiving the appropriate rebates.

1.4 CVP Water Users Association

Director Costa reported that he attended the CVP cost allocation meeting, along with Mr. Helliker.

1.5 Other Reports, Correspondence and Comments

There were no others items discussed.

VIII. COMMITTEE MEETINGS

1. Personnel Committee (5/5/17)

The committee meeting minutes will be attached to the original board minutes.

2. Finance Committee (5/16/17)

The committee meeting minutes will be attached to the original board minutes.

IX. UPCOMING EVENTS

1. CSDA's Legislative Round-Up
August 31, 2017
Webinar

X. ADJOURN

The meeting was adjourned at 8:00 p.m.

ATTEST:

KENNETH MILLER, President
Board of Directors
San Juan Water District

TERI GRANT, Board Secretary

AGENDA ITEM III-2

San Juan Water District

RESOLUTION 17-12 PAYMENT OF BILLS AND CLAIMS

WHEREAS, the Finance Committee of the Board of Directors has reviewed the bills and claims in the amount of \$677,829.45; and

WHEREAS, the Finance Committee of the Board of Directors has found the bills and claims to be in order.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Juan Water District as follows:

- 1. The bills and claims attached hereto totaling \$677,829.45 are hereby approved.
- 2. That the depository be and the same is hereby authorized to pay said bills and claims in the total sum of \$677,829.45 of the General Fund Account.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 24th day of May 2017, by the following vote:

AYES:	DIRECTORS:
NOES:	DIRECTORS:
ABSENT:	DIRECTORS:

KENNETH MILLER
 President, Board of Directors
 San Juan Water District

ATTEST

TERI GRANT
 Secretary, Board of Directors



San Juan Water District, CA

Check Report

By Check Number

Date Range: 04/21/2017 - 05/17/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
01909	Durkin, Keith	04/21/2017	Regular	0.00	100.00	51214
<u>Durkin 13 Yr Retir...</u>	Invoice	04/04/2017	Durkin 13 Yr Retirement Award	0.00	100.00	
03147	EDGES ELECTRICAL GROUP LLC	04/25/2017	Regular	0.00	2,298.37	51215
<u>53946859.002</u>	Invoice	03/10/2017	Electrical Baldwin Raw Water Pipe Project	0.00	2,298.37	
	Void	04/25/2017	Regular	0.00	0.00	51216
01039	AFLAC	04/25/2017	Regular	0.00	970.54	51217
<u>979885 A</u>	Invoice	04/21/2017	Supplemental Plan - after tax	0.00	120.43	
<u>979885 B</u>	Invoice	04/21/2017	Supplemental Plan - pretax	0.00	364.84	
<u>979885 C</u>	Invoice	04/21/2017	Supplemental Plan - after tax	0.00	120.43	
<u>979885 D</u>	Invoice	04/21/2017	Supplemental Plan - pretax	0.00	364.84	
02667	US Bank Corporate Payments Sys (CalCard)	05/01/2017	Regular	0.00	19,926.31	51218
<u>03-22-2017</u>	Invoice	03/22/2017	03-22-2017 CalCard Purchases	0.00	19,926.31	
	Void	05/01/2017	Regular	0.00	0.00	51219
	Void	05/01/2017	Regular	0.00	0.00	51220
	Void	05/01/2017	Regular	0.00	0.00	51221
	Void	05/01/2017	Regular	0.00	0.00	51222
	Void	05/01/2017	Regular	0.00	0.00	51223
	Void	05/01/2017	Regular	0.00	0.00	51224
	Void	05/01/2017	Regular	0.00	0.00	51225
03091	Granite Bay Ace Hardware	05/01/2017	Regular	0.00	394.35	51226
<u>19395</u>	Invoice	03/21/2017	Hardware-Nuts,Bolts,Nails, Screws	0.00	18.53	
<u>19397</u>	Invoice	03/21/2017	Ceramic Disc Magnets & Hardware	0.00	2.68	
<u>19432</u>	Invoice	03/28/2017	V#35-Ratchet Straps	0.00	29.01	
<u>19470</u>	Invoice	04/04/2017	Los Lagos Solar Bee-Hardware	0.00	25.80	
<u>19474</u>	Invoice	04/05/2017	Los Lagos Solar Bee-Hardware	0.00	51.48	
<u>19478</u>	Invoice	04/05/2017	Bronson-Drill Bits	0.00	17.63	
<u>19479</u>	Invoice	04/06/2017	Chlorine Sys-Parts for Maintenance	0.00	35.66	
<u>19480</u>	Invoice	04/06/2017	Bronson Valve-Jumping Hoses	0.00	61.74	
<u>19497</u>	Credit Memo	04/10/2017	Los Lagos Tank-Supplies	0.00	-14.41	
<u>19504</u>	Invoice	04/11/2017	Los Lagos Solar Bee Mixer Supplies	0.00	36.99	
<u>19508</u>	Invoice	04/12/2017	V#35-Rod for Tool Rack	0.00	11.57	
<u>19509</u>	Invoice	04/12/2017	Los Lagos Tank-Shoe Covers	0.00	15.42	
<u>19517</u>	Invoice	04/13/2017	Los Lagos Mixer Supplies	0.00	45.36	
<u>19518</u>	Invoice	04/13/2017	Los Lagos-Mixer Supplies	0.00	49.30	
<u>19538</u>	Invoice	04/19/2017	Shop-Maintenance Supplies	0.00	7.59	
01026	American River Ace Hardware, Inc.	05/01/2017	Regular	0.00	8.22	51227
<u>129114</u>	Invoice	04/20/2017	Shop-Bolts for Water Rack	0.00	8.22	
01090	American Water Works Association	05/01/2017	Regular	0.00	262.00	51228
<u>7001343835</u>	Invoice	02/26/2017	R. Watson Membership 06/01/17-05/31/20...	0.00	262.00	
02463	The New AnswerNet	05/01/2017	Regular	0.00	119.68	51229
<u>054-65777</u>	Invoice	04/30/2017	Apr Answering Services	0.00	119.68	
01027	Association of California Water Agencies	05/01/2017	Regular	0.00	2,000.00	51230
<u>INV004550</u>	Invoice	04/18/2017	Sponsorship 1/2 Page Ad	0.00	2,000.00	
01182	Bartkiewicz, Kronick & Shanahan	05/01/2017	Regular	0.00	28,651.15	51231
<u>8617 Mar 2017</u>	Invoice	03/31/2017	Mar Legal Services	0.00	28,651.15	
01234	Bryce Consulting, Inc.	05/01/2017	Regular	0.00	2,175.00	51232

Approved in Reso. # 17-08

Check Report

Date Range: 04/21/2017 - 05/17/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
<u>2468</u>	Invoice	03/31/2017	Distribution Operator II-HR Technical Assista...	0.00	2,175.00	
01423	County of Sacramento	05/01/2017	Regular	0.00	102.72	51233
<u>90350449</u>	Invoice	03/31/2017	ENAC2017-00019 Construction Manage/Ins...	0.00	102.72	
01634	Folsom Lake Ford, Inc.	05/01/2017	Regular	0.00	509.30	51234
<u>FOTS794485</u>	Invoice	04/18/2017	V#19-Lube, Oil, Filter, Brakes, & Inspections	0.00	509.30	
01733	Harris Industrial Gases	05/01/2017	Regular	0.00	16.64	51235
<u>01711195</u>	Invoice	04/11/2017	Metal Stock for Water Rack-Soapstone Round	0.00	16.64	
03235	HD Supply Construction Supply LTD	05/01/2017	Regular	0.00	49.32	51236
<u>10006866104</u>	Invoice	04/17/2017	V#35-Water Jug	0.00	49.32	
01763	Holt of California	05/01/2017	Regular	0.00	3,481.34	51237
<u>B8637601</u>	Invoice	04/17/2017	Tools-Walk Behind Saw	0.00	2,412.05	
<u>SW010266944</u>	Invoice	04/06/2017	E#15-Repair Boom Lock	0.00	1,069.29	
01915	Kirkland, Ken	05/01/2017	Regular	0.00	733.24	51238
<u>Exp Reimb 04-2017</u>	Invoice	04/20/2017	WEI Garden-Deck Materials	0.00	733.24	
03411	Labor Ready Southwest, Inc.	05/01/2017	Regular	0.00	1,017.20	51239
<u>22058785</u>	Invoice	04/04/2017	Field Svcs Temp Week Ending 04/02-R. Appl...	0.00	1,017.20	
03511	Lippsmeyer, Daniel	05/01/2017	Regular	0.00	875.39	51240
<u>REF 100 Twin Butt..</u>	Invoice	04/13/2017	Refund 100 Twin Buttes Dr	0.00	875.39	
03512	McClymonds, Jim	05/01/2017	Regular	0.00	78.40	51241
<u>REF 8180 Ramsgat..</u>	Invoice	04/13/2017	Refund 8180 Ramsgate Dr	0.00	78.40	
03300	Meyers Fozl, LLP	05/01/2017	Regular	0.00	250.00	51242
<u>14168</u>	Invoice	03/31/2017	Mar Employment Law Legal Services	0.00	250.00	
03402	Normac, Inc	05/01/2017	Regular	0.00	263.58	51243
<u>771268</u>	Invoice	04/17/2017	Retro Fit Kit, Tubing, Nozzle, PRS Pop-Up	0.00	263.58	
02131	Office Depot, Inc.	05/01/2017	Regular	0.00	612.80	51244
<u>917720002001</u>	Invoice	04/03/2017	Office Supplies-Finance & Admin	0.00	33.35	
<u>917720002002</u>	Invoice	04/11/2017	Office Supplies-Finance	0.00	19.26	
<u>918822701001</u>	Invoice	04/06/2017	Office Supplies-Admin & Field Services	0.00	350.17	
<u>919338693001</u>	Invoice	04/11/2017	Office Supplies-Field Services	0.00	23.80	
<u>919338926001</u>	Invoice	04/10/2017	Office Supplies-Field Services & Customer Se...	0.00	39.64	
<u>919598706001</u>	Invoice	04/13/2017	Office Supplies-Engineering	0.00	43.52	
<u>919598706002</u>	Invoice	04/17/2017	Office Supplies-Field Services	0.00	17.78	
<u>921738185001</u>	Invoice	04/19/2017	Office Supplies-Finance & Conservation	0.00	85.28	
	Void	05/01/2017	Regular	0.00	0.00	51245
02150	Pace Supply Corp	05/01/2017	Regular	0.00	282.45	51246
<u>063806200</u>	Invoice	04/06/2017	Bronson Valve-Tools	0.00	131.23	
<u>063812388</u>	Invoice	04/10/2017	Tools-Carbide Lenox Drill Bits & Hole Saw	0.00	151.22	
03178	Paul, Scott	05/01/2017	Regular	0.00	171.58	51247
<u>Boot Reimb 04-20..</u>	Invoice	04/27/2017	Boot Reimbursement 04-2017	0.00	171.58	
02293	RFI Enterprises, Inc	05/01/2017	Regular	0.00	383.40	51248
<u>557438</u>	Invoice	05/01/2017	May Burg Monitoring	0.00	48.40	
<u>557564</u>	Invoice	04/05/2017	WTP-1st Flr Man Dr/AMAG Signal DMP Panel..	0.00	335.00	
02302	Riebes Auto Parts, LLC	05/01/2017	Regular	0.00	52.46	51249
<u>584059</u>	Invoice	04/03/2017	FS Vehicles-Battery Protectant	0.00	9.47	
<u>586305</u>	Invoice	04/10/2017	Upper Granite Bay-Generator Hose	0.00	42.99	
02334	Strohmalier, Rose	05/01/2017	Regular	0.00	12.58	51250
<u>Mileage Reimb 04..</u>	Invoice	04/10/2017	Mileage Reimbursement 04-2017	0.00	12.58	
02675	VWR Funding, Inc	05/01/2017	Regular	0.00	1,640.04	51251

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Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
<u>8048118490</u>	Invoice	03/31/2017	Filters	0.00	1,640.04	
01687	W. W. Grainger, Inc.	05/01/2017	Regular	0.00	582.54	51252
<u>9407760496</u>	Invoice	04/05/2017	PVC Welding Screen	0.00	582.54	
03445	Zlotnick, Greg	05/01/2017	Regular	0.00	571.22	51253
<u>Exp Reimb 04-2017</u>	Invoice	04/21/2017	Mileage & CA Water Policy Conference Expe...	0.00	571.22	
03386	Myers & Sons Construction, LP	05/08/2017	Regular	0.00	137,076.09	51254
<u>Q115-11</u>	Invoice	03/25/2017	Mar FLOC SED BASIN IMPROVEMENT - WTP	0.00	144,290.62	
<u>Q115-11 CM-RET</u>	Credit Memo	03/25/2017	Mar Retention WTP Floc Sed Basin Improve...	0.00	-7,214.53	
02146	PG&E	05/09/2017	Regular	0.00	1,662.43	51255
<u>0824701340-5 04...</u>	Invoice	04/24/2017	Apr Electric and Gas Services	0.00	1,662.43	
02651	United Parcel Service Inc	05/09/2017	Regular	0.00	39.89	51256
<u>00003E2E70107</u>	Invoice	03/11/2017	Weekley Srvc Charge&Shipping 03/03/2017-...	0.00	39.89	
02651	United Parcel Service Inc	05/09/2017	Regular	0.00	132.36	51257
<u>00003E2E70157</u>	Invoice	04/15/2017	Weekley Srvc Charge & Shipping-03/25/17-0...	0.00	132.36	
01041	Afman, Todd R	05/17/2017	Regular	0.00	587.11	51258
<u>409963</u>	Invoice	04/13/2017	Hip Boots	0.00	157.12	
<u>410034</u>	Invoice	04/21/2017	Wasp/Hornet Spray,Duct Tape, Gloves	0.00	429.99	
01138	AT&T Mobility II LLC	05/17/2017	Regular	0.00	62.01	51259
<u>991798660X0419...</u>	Invoice	04/19/2017	916 865-7660 GPS Wireless Srvc 03/12/17 - ...	0.00	62.01	
03149	BURLINGAME ENGINEERS INC	05/17/2017	Regular	0.00	3,587.72	51260
<u>BER7332</u>	Invoice	04/11/2017	Polymer Pumps-Rebuild Kits	0.00	3,587.72	
03345	Cessna, Chris	05/17/2017	Regular	0.00	172.00	51261
<u>Exp Reimb 04-2017</u>	Invoice	04/26/2017	Expense Reimbursement-CWEA Membership..	0.00	172.00	
03345	Cessna, Chris	05/17/2017	Regular	0.00	235.94	51262
<u>Boot Reimb 05-20...</u>	Invoice	05/02/2017	Boot Reimbursement 05-2017	0.00	235.94	
01372	City of Folsom	05/17/2017	Regular	0.00	31.36	51263
<u>000024205-00017...</u>	Invoice	04/27/2017	Apr Monthly Meter Service	0.00	31.36	
01378	Clark Pest Control of Stockton	05/17/2017	Regular	0.00	688.00	51264
<u>20264716</u>	Invoice	04/25/2017	Buildings-Weed Control Service	0.00	688.00	
03147	EDGES ELECTRICAL GROUP LLC	05/17/2017	Regular	0.00	76.01	51265
<u>S3946859.001</u>	Invoice	03/03/2017	Baldwin-Raw Water Pipe	0.00	49.46	
<u>S3946859.004</u>	Credit Memo	04/10/2017	Baldwin-Raw Water Pipe	0.00	-4.03	
<u>S3999225.002</u>	Invoice	03/15/2017	Maint Supplies-Freight Charge	0.00	10.47	
<u>S4000447.002</u>	Invoice	03/15/2017	Filter Basin-Freight Charge	0.00	20.11	
01588	Eureka Union School District	05/17/2017	Regular	0.00	180.00	51266
<u>17-00320</u>	Invoice	03/29/2017	Custodial Fees March 29 Board Meeting	0.00	180.00	
01609	Federal Express Corporation	05/17/2017	Regular	0.00	79.04	51267
<u>5-778-03373</u>	Invoice	04/21/2017	Shipping Charges 03/16-4/18/17	0.00	79.04	
01626	Flo-Line Technology, Inc.	05/17/2017	Regular	0.00	1,212.06	51268
<u>170328</u>	Invoice	04/25/2017	Solids Process-STATOR	0.00	1,212.06	
03089	Fulton, Jonathan	05/17/2017	Regular	0.00	248.81	51269
<u>Exp Reimb 05/2017</u>	Invoice	04/30/2017	Expense Reimbursement 05/2017	0.00	65.94	
<u>Exp Reimb 05/201...</u>	Invoice	05/01/2017	Expense Reim 05/2017-Los Lagos Smple Shi...	0.00	182.87	
01659	Gary Webb Trucking	05/17/2017	Regular	0.00	346.50	51270
<u>458785</u>	Invoice	04/24/2017	Spoils Out Services	0.00	346.50	
01068	Glenn C. Walker	05/17/2017	Regular	0.00	993.00	51271

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<u>17634</u>	Invoice	04/30/2017	Patrol Services	0.00	993.00	
01681	Golden State Flow Measurements, Inc.	05/17/2017	Regular	0.00	965.25	51272
<u>I-054039</u>	Invoice	04/11/2017	Hydrant Meter-W-125 MMP Chamber-DR CF	0.00	965.25	
03091	Granite Bay Ace Hardware	05/17/2017	Regular	0.00	145.62	51273
<u>019550</u>	Invoice	04/21/2017	Buildings-Janitorial Supplies	0.00	15.50	
<u>19494</u>	Invoice	04/10/2017	Los Lagos Tank	0.00	22.01	
<u>19521</u>	Invoice	04/14/2017	Inplant Pump-Tape	0.00	17.35	
<u>19540</u>	Invoice	04/19/2017	Wrench & 40 W Bulbs	0.00	43.39	
<u>19541</u>	Invoice	04/19/2017	Arc Flash-Nuts/Bolts/Nails/Screws	0.00	6.10	
<u>19571</u>	Invoice	04/25/2017	Los Lagos-Nipple, Corn Connct, Valve Garden	0.00	25.63	
<u>19576</u>	Invoice	04/26/2017	Cable Equip Repair-Srvc Lateral Replacement	0.00	12.70	
<u>19578</u>	Invoice	04/26/2017	WELL Garden-Riser, Nipple, Bushing, Couple ...	0.00	2.94	
02567	Grant, Teri	05/17/2017	Regular	0.00	37.99	51274
<u>Mileage Reimb 04...</u>	Invoice	04/27/2017	Mileage Reimb 04/2017-PostOfc&Admin Ass...	0.00	37.99	
01706	Graymont Western US Inc.	05/17/2017	Regular	0.00	5,028.84	51275
<u>202395 SO</u>	Invoice	04/20/2017	Quicklime 21.96 Tons	0.00	5,028.84	
03196	Harper, Lia	05/17/2017	Regular	0.00	100.00	51276
<u>2017 Poster Conte...</u>	Invoice	05/04/2017	2nd Place Teacher-2017 Conserv Poster Con..	0.00	100.00	
01733	Harris Industrial Gases	05/17/2017	Regular	0.00	199.13	51277
<u>01711057</u>	Invoice	04/10/2017	Gas Bottle-Argon	0.00	90.04	
<u>01711751</u>	Invoice	04/19/2017	Backflow-Metal for Handle	0.00	54.45	
<u>01711989</u>	Invoice	04/24/2017	Industrial Gases	0.00	54.64	
03501	Hidden Valley Pump Systems	05/17/2017	Regular	0.00	4,467.59	51278
<u>000331320000</u>	Invoice	04/06/2017	Buildings-Grinder Pump	0.00	4,467.59	
03072	HUNT & SONS INC.	05/17/2017	Regular	0.00	527.22	51279
<u>632263</u>	Invoice	04/20/2017	Floc Sed-Lubricating Oil FM 220	0.00	527.22	
01796	Insomniac Productions Inc.	05/17/2017	Regular	0.00	16.09	51280
<u>43503</u>	Invoice	04/04/2017	Embroidery-Blue Jacket C. Cessna	0.00	16.09	
03518	Karmaker, Asha	05/17/2017	Regular	0.00	100.00	51281
<u>2017 Poster Conte...</u>	Invoice	05/04/2017	2nd Place Student-2017 Conserv Poster Con...	0.00	100.00	
03074	Kirby's Pump & Mechanical inc	05/17/2017	Regular	0.00	315.00	51282
<u>3655</u>	Invoice	04/26/2017	BW Pump Part	0.00	315.00	
03411	Labor Ready Southwest, Inc.	05/17/2017	Regular	0.00	2,034.40	51283
<u>22097144</u>	Invoice	04/18/2017	Temps Week Ending 04/16-Applon, R.	0.00	1,017.20	
<u>22130541</u>	Invoice	04/25/2017	Temps Week Ending 04/23-Applon, R.	0.00	1,017.20	
01959	Les Schwab Tire Centers of California Inc	05/17/2017	Regular	0.00	505.32	51284
<u>63300123862</u>	Invoice	04/07/2017	V #20-Inspections,Valvstem Replace, Wheel ...	0.00	505.32	
03517	Martone, Francesca	05/17/2017	Regular	0.00	150.00	51285
<u>2017 Poster Conte...</u>	Invoice	05/04/2017	1st Place Student-2017 Conserv Poster Cont...	0.00	150.00	
02015	Mayer, Chris	05/17/2017	Regular	0.00	205.64	51286
<u>Boot Reimb 04/20...</u>	Invoice	04/26/2017	Boot Reimbursement 04-2017	0.00	205.64	
02024	MCI WORLDCOM	05/17/2017	Regular	0.00	141.38	51287
<u>08664602897 05-...</u>	Invoice	04/30/2017	916-791-6903 Long Distance	0.00	141.38	
02022	Morgan, Daren P.	05/17/2017	Regular	0.00	277.58	51288
<u>19213</u>	Invoice	04/20/2017	#10 Window Envelopes	0.00	277.58	
02094	Neff Rental LLC	05/17/2017	Regular	0.00	15,126.78	51289
<u>87027073-0001</u>	Invoice	03/23/2017	Arc Flash-Generator Rental 03/02/17-03/30...	0.00	2,325.08	
<u>87027074-0001</u>	Invoice	03/23/2017	Arc Flash-Generator Rental 03/02/2017-03/...	0.00	2,947.84	

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87027075-0001	Invoice	03/23/2017	Arc Flash-Generator Rental 03/02/17-03/30...	0.00	3,130.16	
87027076-0001	Invoice	03/23/2017	Arc Flash-Generator Rental 03/02/2017-03/...	0.00	2,947.84	
87027077-0001	Invoice	03/23/2017	Arc Flash-Generator Rental 03/02/17-03/30...	0.00	1,848.22	
87027081-0001	Invoice	03/23/2017	Arc Flash-Generator Rental 03/02/2017-03/...	0.00	1,727.84	
87027081-0003	Credit Memo	04/21/2017	Arc Flash-Generator Rental Credit	0.00	-61.93	
87028121-0001	Invoice	04/25/2017	Bronson -Trailer ,Concrete Mixer Rental&Co...	0.00	106.10	
87028156-0001	Invoice	04/27/2017	Arc Flash-Concrete Mixer Rental & Concrete	0.00	155.63	
03516	Nelson, Kathleen		05/17/2017 Regular	0.00	200.00	51290
2017 Poster Conte...	Invoice	05/04/2017	1st & 3rd PI Teacher-2017 Conserv Poster C...	0.00	200.00	
02131	Office Depot, Inc.		05/17/2017 Regular	0.00	312.41	51291
922512184001	Invoice	04/24/2017	Admin	0.00	58.99	
922537385001	Invoice	04/24/2017	Admin	0.00	29.49	
922779487001	Invoice	04/21/2017	WTP-Toner	0.00	132.56	
922779997001	Invoice	04/24/2017	WTP	0.00	12.34	
923653773001	Invoice	04/26/2017	Admin & Executive	0.00	79.03	
02150	Pace Supply Corp		05/17/2017 Regular	0.00	3,128.25	51292
063773460	Invoice	04/07/2017	Singer,Cla Valve,Diaphragms, Fittings,Strainers	0.00	2,715.50	
063846848	Invoice	04/28/2017	Yellow Coated Tracer Wire	0.00	482.63	
CM063112510	Credit Memo	07/01/2016	Credit for Invoice 063092871 PO#20160266	0.00	-52.68	
CM063527824	Credit Memo	11/08/2016	Credit Invoice #063523373 Line #1	0.00	-17.20	
02216	Placer County Public Works		05/17/2017 Regular	0.00	130.00	51293
19332	Invoice	04/07/2017	Encroachment Permit 2017	0.00	130.00	
02283	Recology Auburn Placer		05/17/2017 Regular	0.00	640.70	51294
55010755	Invoice	04/30/2017	Garbage Disposal Services	0.00	640.70	
02223	Rexel Inc (Platt - Rancho Cordova)		05/17/2017 Regular	0.00	8,353.62	51295
1397620	Invoice	02/13/2017	Electrical Parts	0.00	7.11	
1524630	Invoice	03/02/2017	Electrical Parts	0.00	19.72	
1658443	Invoice	03/31/2017	Floc Sed-Broken Electrical Line Repairs	0.00	200.21	
1739275	Invoice	04/06/2017	Arc Flash-Breakers	0.00	3,828.36	
1743930	Invoice	03/31/2017	Inplant-Wire	0.00	77.95	
1746478	Invoice	03/31/2017	Drill Bit Set	0.00	93.51	
1808816	Invoice	04/19/2017	Filter Basin-Supplies	0.00	3,791.14	
1822921	Invoice	04/14/2017	Buildings-Brackets & Lamps	0.00	136.18	
1846463	Invoice	04/14/2017	Utility Cart	0.00	199.44	
02292	Rexel, Inc.		05/17/2017 Regular	0.00	160.20	51296
5116703079.001	Invoice	04/12/2017	Buildings Sewer Lift Sys-Contact Blocks	0.00	160.20	
02293	RFI Enterprises, Inc		05/17/2017 Regular	0.00	335.00	51297
558257	Invoice	04/30/2017	Panic Button Testing	0.00	335.00	
02302	Riebes Auto Parts, LLC		05/17/2017 Regular	0.00	10.76	51298
591245	Invoice	04/26/2017	Additive for Diesel	0.00	10.76	
02328	Rocklin Windustrial Co		05/17/2017 Regular	0.00	1,233.55	51299
205880.00	Invoice	03/30/2017	Materials and Supplies	0.00	55.73	
206521.00	Invoice	04/24/2017	Filter Basin-Struts & Tape	0.00	1,177.82	
02395	SAFETY KLEEN SYSTEMS INC.		05/17/2017 Regular	0.00	777.43	51300
73425596	Invoice	04/14/2017	Parts Wash Service	0.00	777.43	
02446	Sierra Chemical Co		05/17/2017 Regular	0.00	3,664.57	51301
SLS 10045741	Invoice	04/19/2017	Liquid Chlorine	0.00	3,664.57	
03416	Smith, Kendall		05/17/2017 Regular	0.00	12.07	51302
Exp Reimb 05-2017	Invoice	02/28/2017	After Hours Meal	0.00	12.07	
01411	SureWest Telephone		05/17/2017 Regular	0.00	1,641.41	51303

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Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
<u>916-791-0135/0 0...</u>	Invoice	04/25/2017	Phone Services 04/25/17 - 05/24/17	0.00	1,641.41	
03519	Tattersfield, Ethan	05/17/2017	Regular	0.00	75.00	51304
<u>2017-Poster Conte...</u>	Invoice	05/04/2017	3rd Place Student-2017 Conserv Poster Cont...	0.00	75.00	
03284	Vavrnek, Trine, Day & Co, LLP	05/17/2017	Regular	0.00	1,785.00	51305
<u>0133193-IN</u>	Invoice	03/31/2017	Mar Accounting Services	0.00	1,785.00	
01687	W. W. Grainger, Inc.	05/17/2017	Regular	0.00	61.81	51306
<u>9407760488</u>	Invoice	04/05/2017	Non-Aspirin Pain Reliever & Aspirin Tablets	0.00	25.46	
<u>9419574455</u>	Invoice	04/08/2017	Granular Clay	0.00	36.35	
01909	Durkin, Keith	04/21/2017	EFT	0.00	195.49	404903
<u>Exp Reimb 03-2017</u>	Invoice	03/28/2017	ACWA DC Conference & Lobbying Trip-Meals.	0.00	195.49	
01898	Association of California Water Agencies / JPIA	04/21/2017	EFT	0.00	14,492.28	404904
<u>01-01-17 to 3-31-...</u>	Invoice	03/31/2017	Workers Compensaton Program	0.00	14,492.28	
	Void	04/21/2017	EFT	0.00	0.00	404905
01242	Bureau of Reclamation-MPR	04/25/2017	EFT	0.00	200.00	404906
<u>1801801728</u>	Invoice	02/24/2017	FismDamRes-Lease5.53Acres 02/25/16-2/24...	0.00	200.00	
03387	WageWorks, Inc	04/25/2017	EFT	0.00	290.00	404907
<u>04-21-17 DEP</u>	Invoice	04/25/2017	Dependent Care	0.00	115.00	
<u>04-21-17 URM</u>	Invoice	04/25/2017	Unreimbursed Medical Deduction	0.00	175.00	
01328	Association of California Water Agencies / Joint P	04/28/2017	EFT	0.00	7,317.27	404908
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Dental Insurance After Tax	0.00	167.51	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Employee Assistance Program	0.00	103.40	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Vision Insurance	0.00	399.04	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Dental Insurance Pretax	0.00	2,905.50	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Dental Insurance After Tax	0.00	349.95	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Employee Assistance Program	0.00	2.35	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Vision Insurance	0.00	417.60	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Dental Insurance Pretax	0.00	2,905.50	
<u>0475839 05-01-17...</u>	Invoice	04/25/2017	Apr Den, EAP,Vis Adj-P. Helliher	0.00	66.42	
	Void	04/28/2017	EFT	0.00	0.00	404909
01330	CDW Government LLC	05/01/2017	EFT	0.00	2,578.74	404910
<u>HLW0024</u>	Invoice	04/07/2017	HP LJ Color Printer & HP Toner Cartridges	0.00	2,275.50	
<u>HMG5583</u>	Invoice	04/11/2017	HP 3YR 9X5XNBD DMR CLJ CP40X5	0.00	303.24	
03221	Chemtrade Chemicals Corporation	05/01/2017	EFT	0.00	7,926.25	404911
<u>92069782</u>	Invoice	04/03/2017	Chemical Aluminum Blend 23.61 Tons	0.00	3,980.83	
<u>92071978</u>	Invoice	04/07/2017	Chemical Aluminum Blend 23.40 Tons	0.00	3,945.42	
03065	Consolidated Electrical Distributors, Inc.	05/01/2017	EFT	0.00	2,768.82	404912
<u>0951-596996</u>	Invoice	02/20/2017	Arc Flash-Cable & CGB Connector	0.00	2,768.82	
01521	DataProse, LLC	05/01/2017	EFT	0.00	9,466.51	404913
<u>DP1700903</u>	Invoice	03/31/2017	Mar Billing and Insert Services	0.00	9,466.51	
01589	Eurofins Eaton Analytical, Inc	05/01/2017	EFT	0.00	1,519.00	404914
<u>L0309293</u>	Invoice	02/24/2017	Folsom Lake Raw WH Reg Compliance Sampl...	0.00	29.00	
<u>L0309301</u>	Invoice	02/25/2017	Wholesale Regulatory Compliance Sampling ...	0.00	75.00	
<u>L0309302</u>	Invoice	02/25/2017	Wholesale Regulatory Compliance Sampling ...	0.00	75.00	
<u>L0309419</u>	Invoice	02/25/2017	Wholesale Regulatory Compliance Sampling ...	0.00	75.00	
<u>L0309553</u>	Invoice	02/25/2017	Raw/Treated Water WH Reg Compliance Sa...	0.00	80.00	
<u>L0315156</u>	Invoice	03/21/2017	Retail Regulatory Compliance Sampling 03/21	0.00	195.00	
<u>L0315165</u>	Invoice	03/28/2017	Retail Regulatory Compliance Sampling 03/28	0.00	195.00	
<u>L0315925</u>	Invoice	04/04/2017	Retail Regulatory Compliance Sampling 04/04	0.00	195.00	
<u>L0317307</u>	Invoice	04/07/2017	Retail Regulatory Compliance Sampling 04/06	0.00	600.00	
01611	Ferguson Enterprises, Inc	05/01/2017	EFT	0.00	160.88	404915

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<u>1260549</u>	Invoice	04/05/2017	Tools-Carb Tip Shell Ctr R/DI&CI	0.00	160.88	
01895	Joseph G Pollard Co, Inc	05/01/2017	EFT	0.00	2,299.29	404916
<u>0069071</u>	Invoice	03/27/2017	Hinkle Underdrain-Sewage Pump	0.00	2,299.29	
01976	Lubrication Engineers, Inc.	05/01/2017	EFT	0.00	131.79	404917
<u>IN331421</u>	Invoice	03/20/2017	H1 Silicone Spray	0.00	131.79	
02710	WageWorks, Inc	05/01/2017	EFT	0.00	86.00	404918
<u>INV112029</u>	Invoice	03/31/2017	Mar FSA Admin Fee & AFLAC Flex Complianc...	0.00	86.00	
02730	Western Area Power Admin	05/01/2017	EFT	0.00	8,152.00	404919
<u>EQ&M000840517</u>	Invoice	04/20/2017	Apr CVP O&M Program Funding FY2018 - 7th...	0.00	8,152.00	
01721	Hach Company	05/08/2017	EFT	0.00	850.06	404920
<u>10345164</u>	Invoice	03/02/2017	Laboratory Supplies	0.00	850.06	
03387	WageWorks, Inc	05/09/2017	EFT	0.00	290.00	404921
<u>05-05-17 DEP</u>	Invoice	05/08/2017	Dependent Care	0.00	115.00	
<u>05-05-17 URM</u>	Invoice	05/08/2017	Unreimbursed Medical Deduction	0.00	175.00	
01048	Airgas, Inc	05/17/2017	EFT	0.00	900.96	404922
<u>9061948137</u>	Invoice	03/31/2017	WH Meter Sites & Solar Field-Master Locks	0.00	900.96	
01210	Blackburn Manufacturing Company	05/17/2017	EFT	0.00	374.18	404923
<u>C081658-IN</u>	Invoice	04/20/2017	Marking Flags-SJWD	0.00	374.18	
03221	Chemtrade Chemicals Corporation	05/17/2017	EFT	0.00	7,943.11	404924
<u>92077829</u>	Invoice	04/17/2017	Clarion A402P	0.00	3,967.34	
<u>92078865</u>	Invoice	04/18/2017	Clarion A402P	0.00	3,975.77	
01521	DataProse, LLC	05/17/2017	EFT	0.00	9,833.75	404925
<u>DP1701250</u>	Invoice	04/30/2017	Billing and Insert Services	0.00	9,833.75	
01486	Department of Energy	05/17/2017	EFT	0.00	1,887.97	404926
<u>NNPB000840417R</u>	Invoice	04/26/2017	Apr Wholesale Power Bill - Restoration	0.00	1,887.97	
01574	Endress + Huaser, Inc.	05/17/2017	EFT	0.00	1,571.77	404927
<u>6001877403</u>	Invoice	04/25/2017	Hinkle-Micropilot	0.00	1,571.77	
01589	Eurofins Eaton Analytical, Inc	05/17/2017	EFT	0.00	769.00	404928
<u>L0315458</u>	Invoice	02/25/2017	Folsom Lake Raw WH Reg Compliance Sampl...	0.00	150.00	
<u>L0315708</u>	Invoice	04/04/2017	Folsom Lake Raw WH Reg Compliance Sampl...	0.00	29.00	
<u>L0316916</u>	Invoice	04/12/2017	Rapid Mix TOC WH Reg Compliance Sampling...	0.00	200.00	
<u>L0317550</u>	Invoice	04/11/2017	Retail Reg Sampling Various Addresses 04/11	0.00	195.00	
<u>L0319696</u>	Invoice	04/18/2017	Retail Reg Sampling Various Addressess 04/...	0.00	195.00	
02027	Mcmaster-Carr Supply Company	05/17/2017	EFT	0.00	4,036.89	404929
<u>14901037</u>	Invoice	02/21/2017	Filter Basin-Washers, Nuts& Screws	0.00	1,521.62	
<u>22476801</u>	Invoice	04/04/2017	BW/EQ Sys-Smooth Bore Stainless Tubing	0.00	130.74	
<u>22806490</u>	Invoice	04/06/2017	Miscellaneous Hardware	0.00	273.68	
<u>23474233</u>	Invoice	04/10/2017	Filter Basin-Electrical Supplies	0.00	788.40	
<u>24053098</u>	Invoice	04/13/2017	Floc Sed-Dechlorination Basket Hardware	0.00	70.28	
<u>24138473</u>	Invoice	04/13/2017	Filter Basin-Washers,Nuts, & Screws	0.00	381.62	
<u>24634814</u>	Invoice	04/18/2017	Filter Basin-Threaded Rod Mount Clamping ...	0.00	140.16	
<u>25057354</u>	Invoice	04/20/2017	Filter Basin-Strut, Cable, Washer, & Screws	0.00	593.23	
<u>25844115</u>	Invoice	04/24/2017	Hinkle-Strut Mount Metal Mounting Clamps	0.00	137.16	
01472	Mel Dawson, Inc.	05/17/2017	EFT	0.00	5,522.91	404930
<u>83369</u>	Invoice	04/07/2017	Apr Diesel Delivery	0.00	1,722.75	
<u>84186</u>	Invoice	04/18/2017	Apr Unleaded Gas Delivery	0.00	3,800.16	
02275	Ramos Oil Recyclers, Inc.	05/17/2017	EFT	0.00	79.50	404931
<u>162273</u>	Invoice	04/21/2017	Hazardous Waste Removal	0.00	79.50	

Check Report

Date Range: 04/21/2017 - 05/17/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Payable #	Payable Type	Payable Date	Payable Description	Discount Amount	Payable Amount	
02495	Spraying Systems Co	05/17/2017	EFT	0.00	4,340.54	404932
<u>IQ-23161</u>	invoice	04/11/2017	Backwash/EQ Sys-VEE Jet Nozzles	0.00	4,340.54	
02504	Starr Consulting	05/17/2017	EFT	0.00	2,520.00	404933
<u>552</u>	invoice	04/29/2017	2016 CCR Prep & Regulatory Update	0.00	2,520.00	
02162	Tobin, Pamela	05/17/2017	EFT	0.00	27.29	404934
<u>Mileage 04-2017</u>	Invoice	04/30/2017	Mileage 04-2017	0.00	27.29	
02706	Vortex Industries, Inc.	05/17/2017	EFT	0.00	408.00	404935
<u>41-1130235-1</u>	Invoice	04/26/2017	Roll Up Door Maintenance	0.00	408.00	

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	153	84	0.00	268,867.76
Manual Checks	0	0	0.00	0.00
Voided Checks	0	9	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	65	33	0.00	98,940.25
	218	126	0.00	367,808.01

Less Highlighted Board Approved
Payments From Resolution 17-08 - 110,686.21

Plus Bank Draft payments 470,717.65

671,829.45

Fund Summary

Fund	Name	Period	Amount
999	INTERCOMPANY	4/2017	25,863.95
999	INTERCOMPANY	5/2017	341,944.06
			<u>367,808.01</u>



San Juan Water District, CA

Check Report

By Check Number

Date Range: 04/01/2017 - 05/17/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-APBNK						
03077	VALIC	04/07/2017	Bank Draft	0.00	4,357.35	0007056720
03077	VALIC	04/21/2017	Bank Draft	0.00	4,229.84	0007069807
03077	VALIC	05/05/2017	Bank Draft	0.00	4,229.84	0007086378
01641	Assurant Employee Benefits	04/07/2017	Bank Draft	0.00	9,653.54	100421401
01641	Assurant Employee Benefits	05/01/2017	Bank Draft	0.00	9,074.43	100421872
01366	Citistreet/CalPERS 457	04/07/2017	Bank Draft	0.00	3,728.16	1000843164
03130	CalPERS Retirement	04/07/2017	Bank Draft	0.00	3.07	1000843193
03130	CalPERS Retirement	04/07/2017	Bank Draft	0.00	28,030.69	1000843194
03130	CalPERS Retirement	04/07/2017	Bank Draft	0.00	29,610.13	1000843250
03130	CalPERS Retirement	04/21/2017	Bank Draft	0.00	30,216.16	1000848927
01366	Citistreet/CalPERS 457	04/21/2017	Bank Draft	0.00	3,722.28	1000848931
03130	CalPERS Retirement	05/05/2017	Bank Draft	0.00	30,443.41	1000855723
01366	Citistreet/CalPERS 457	05/05/2017	Bank Draft	0.00	3,021.72	1000855727
03080	California State Disbursement Unit	05/05/2017	Bank Draft	0.00	750.92	90JDWGC6657
03080	California State Disbursement Unit	04/21/2017	Bank Draft	0.00	750.92	B7NDEGP6658
03080	California State Disbursement Unit	04/07/2017	Bank Draft	0.00	750.92	ZL847FE6657
03163	Economic Development Department	04/10/2017	Bank Draft	0.00	6,880.79	0-779-541-888
03163	Economic Development Department	04/10/2017	Bank Draft	0.00	127.69	0-779-541-888
03163	Economic Development Department	05/16/2017	Bank Draft	0.00	6,057.94	1-520-811-392
03163	Economic Development Department	05/16/2017	Bank Draft	0.00	361.00	1-520-811-392
03163	Economic Development Department	04/24/2017	Bank Draft	0.00	220.07	1-691-614-592
03163	Economic Development Department	04/24/2017	Bank Draft	0.00	7,030.07	1-691-614-592
03163	Economic Development Department	05/05/2017	Bank Draft	0.00	6.17	1-709-022-592
03163	Economic Development Department	05/05/2017	Bank Draft	0.00	7,043.23	1-709-022-592
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	-1,117.25	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	-0.09	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	-0.03	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	-434.08	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	144.34	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	16,693.04	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	74.38	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	53.87	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	89.23	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	36,771.88	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	40,123.63	DO NOT UPDA'
03078	CalPERS Health	04/26/2017	Bank Draft	0.00	23,052.30	DO NOT UPDA'
03164	Internal Revenue Service	04/07/2017	Bank Draft	0.00	28.29	270749792899
03164	Internal Revenue Service	04/07/2017	Bank Draft	0.00	45,428.96	270749792899
03164	Internal Revenue Service	04/07/2017	Bank Draft	0.00	769.55	270749792899
03164	Internal Revenue Service	04/14/2017	Bank Draft	0.00	28.59	270750422881
03164	Internal Revenue Service	04/14/2017	Bank Draft	0.00	171.52	270750434227
03164	Internal Revenue Service	04/24/2017	Bank Draft	0.00	45,521.21	270751425918
03164	Internal Revenue Service	04/24/2017	Bank Draft	0.00	932.01	270751425918
03164	Internal Revenue Service	05/05/2017	Bank Draft	0.00	194.27	270752595467
03164	Internal Revenue Service	05/05/2017	Bank Draft	0.00	46,030.49	270752595467
03164	Internal Revenue Service	05/15/2017	Bank Draft	0.00	2,205.22	270753594121

Check Report

Date Range: 04/01/2017 - 05/17/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
03164	Internal Revenue Service	05/15/2017	Bank Draft	0.00	23,655.98	270753594121

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	0	0	0.00	0.00
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	47	47	0.00	470,717.65
EFT's	0	0	0.00	0.00
	47	47	0.00	470,717.65

Fund Summary

Fund	Name	Period	Amount
999	INTERCOMPANY	4/2017	337,643.03
999	INTERCOMPANY	5/2017	133,074.62
			470,717.65

STAFF REPORT

To: Board of Directors
 From: Donna Silva, Director of Finance
 Date: May 24, 2017
 Subject: Treasurer’s Report – Quarter Ending March 31, 2017

RECOMMENDED ACTION

This report is for information only and will be filed with the meeting minutes.

BACKGROUND

The purpose of the treasurer’s report is to update the Board and the public on the status of the District’s cash balances and investments, and highlight material changes from one period to another. The scope of this report covers the third quarter of fiscal year 2016-2017, ending March 31, 2017.

The District’s investment objectives are established by the Board approved Investment Policy. The Investment Policy is guided and constrained by the California Government Code. The Board periodically reviews and adjusts the Investment Policy to ensure ongoing compliance with the government code and to maximize investment flexibility as permitted. The current Investment Policy has the following objectives for the portfolio:

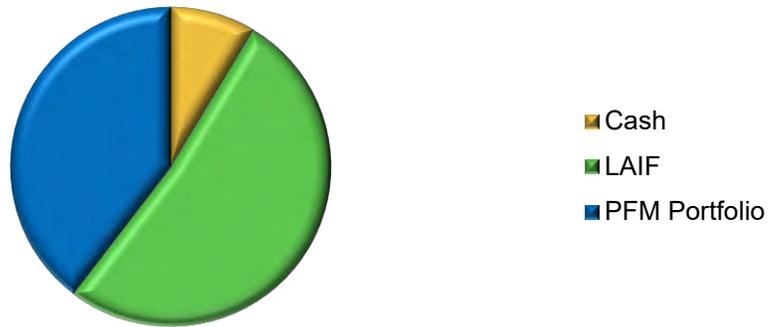
- 1. Safety
- 2. Liquidity
- 3. Yield

Attached is the quarterly Treasurer’s Report for the three months ended March 31, 2017.

At December 31, 2016, the end of the previous quarter, the value of the District’s total portfolio was \$24.3 million. Since that time, the value of the District’s portfolio decreased slightly by \$1.7 million for an ending balance of \$22.6 million as of March 31, 2017. Cash and short-term investments increased by \$2 million, medium term investments decreased by \$1.8 million and long-term investments decreased by \$213,746. The funds are currently held as follows:

Cash at Banking Institutions	\$ 1,937,858
Local Agency Investment Fund (LAIF)	11,698,936
PFM Managed Investment Portfolio	<u>8,854,506</u>
	<u>\$ 22,583,433</u>

Distribution of Investments San Juan Water District

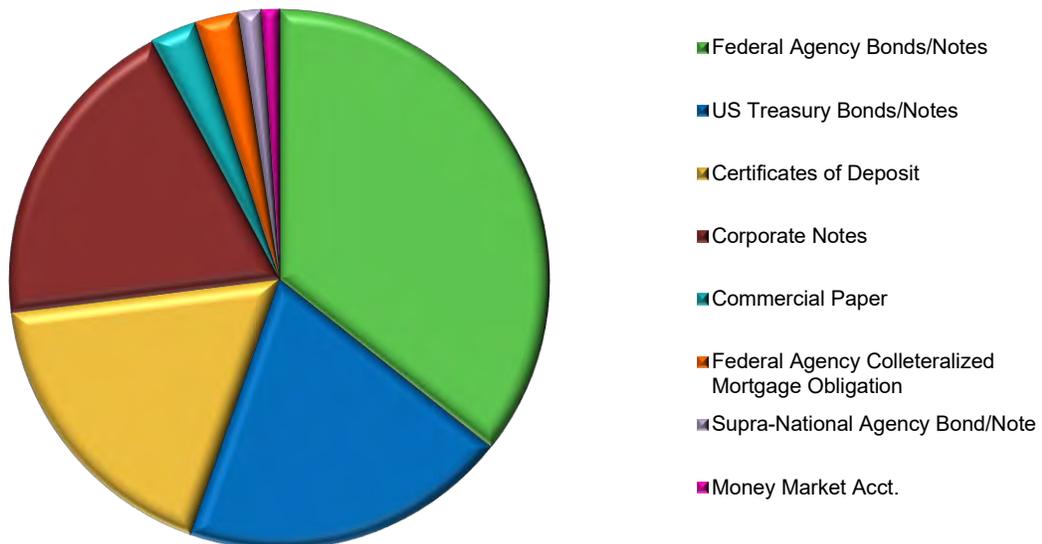


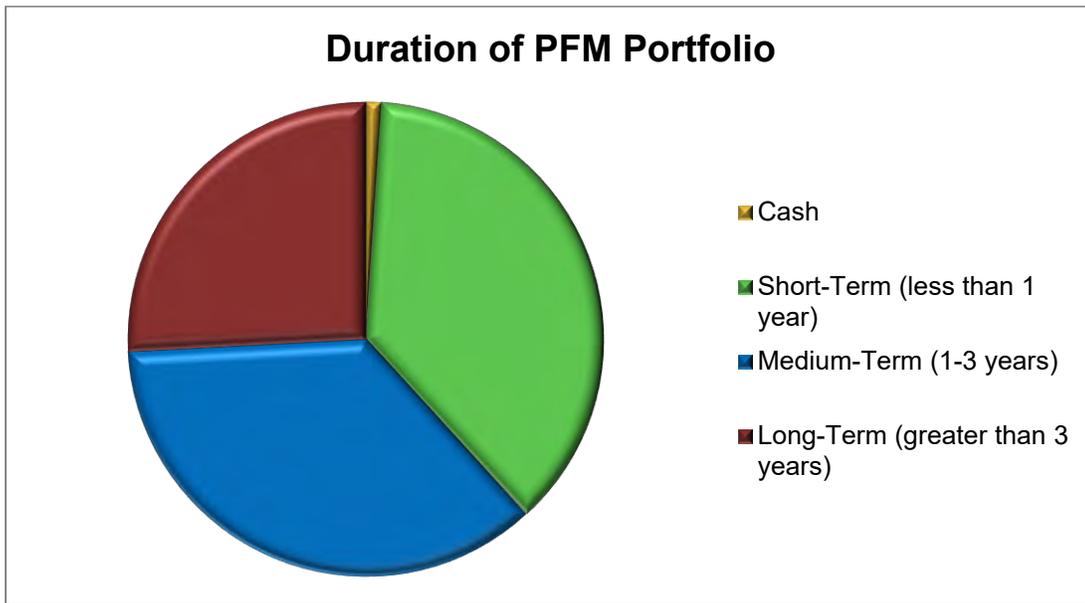
The overall portfolio is diversified with 40% invested in marketable securities (PFM Portfolio), 52% invested in short-term investments that are considered liquid (LAIF) and 9% on deposit with US Bank. Staff, in conjunction with your financial advisors, periodically reviews the mix of liquid and long-term investments and adjusts the portfolio according to the market conditions and the District’s short term cash needs. The portfolio is currently heavy in LAIF. However, given the cash flow needs from the 2016-17 budget it is not prudent to transfer more money into the managed portfolio at this time.

All securities held are in conformance with those permitted by the District’s Investment Policy. There are sufficient funds to meet the District’s expenditure requirements for the next six months.

The mix and duration of investments are displayed in the following charts:

Mix of Investments - PFM Portfolio





Interest rates have been at historically low levels. During the first quarter of 2017 the Federal Open Market committee (FOMC) raised the federal funds target range by .25%, causing an increase in yields predominately in the short term category. As a result, the District moved more investments into the Short-term category to capture those increased yields. Since we are in an environment of rising interest rates the District is trying to slowly decrease its lower yielding long term investments and replace them with investments at a higher interest rate.

The portfolio is performing well and continues to outperform the benchmark (Bank of America Merrill Lynch "BAML" 0-50 year Treasury Index) on a current and historical basis.

Total Returns – period ending March 31, 2017

	Duration (years)	Quarter Ending 03/31/2017	Past Year	Since Inception
San Juan Water District	2.0	.43%	.38%	1.32%
BAML 0-5 Year Treasury Index	2.16	.32%	.03%	.99%

**San Juan Water District
Treasurer's Report
March 31, 2017**

	<u>Yield %</u>	<u>Par Value</u>	<u>Cost</u>	<u>Current Market Value</u>	<u>Maturity Date</u>
CASH & DEMAND DEPOSITS - US Bank:	na	\$ 1,937,857.67	\$ 1,937,857.67	\$ 1,937,857.67	na
LOCAL AGENCY INVESTMENT FUND (LAIF)	0.821%	\$ 11,698,935.65		\$ 11,698,935.65	na
PFM MONEY MARKET ACCOUNT	na	\$ 92,133.69	\$ 92,133.69	\$ 92,133.69	na
LONG-TERM INVESTMENTS (PFM Investment Portfolio):					
<i>U.S. Treasury Bonds/Notes:</i>					
US Treasury Notes	1.24%	\$ 45,000.00	\$ 45,024.61	\$ 44,709.98	1/31/2020
US Treasury Notes	1.50%	195,000.00	198,389.65	196,782.50	6/30/2020
US Treasury Notes	1.16%	325,000.00	330,382.81	325,266.50	6/30/2020
US Treasury Notes	1.23%	140,000.00	142,324.22	140,016.38	7/31/2020
US Treasury Notes	1.42%	310,000.00	327,316.41	319,965.88	8/15/2020
US Treasury Notes	1.15%	250,000.00	259,101.56	252,187.50	2/28/2021
US Treasury Notes	0.98%	160,000.00	162,950.00	157,312.48	4/30/2021
US Treasury Notes	1.85%	225,000.00	220,526.37	221,220.68	4/30/2021
US Treasury Notes	1.78%	105,000.00	107,231.25	106,726.73	7/31/2021
US Treasury Notes					
<i>Supra-National Agency Bond/Note</i>					
Inter-American Development Bank	1.10%	125,000.00	124,625.00	123,758.13	5/13/2019
<i>Federal Agency Collateralized Mortgage Obligation</i>					
FHLMC Series KP03 A2	1.10%	155,000.00	156,546.28	154,009.16	7/1/2019
Fannie Mae Series 2015-M13 ASQ2	1.08%	78,892.32	79,682.34	78,884.41	9/1/2019
<i>Federal Agency Bonds/Notes:</i>					
FNMA Notes (Ex-Callable)	1.05%	1,000,000.00	1,000,000.00	999,393.00	2/27/2018
FHLB Notes	1.25%	135,000.00	134,994.60	134,870.94	1/16/2019
Freddie Mac Notes	1.14%	135,000.00	134,955.45	134,346.74	4/15/2019
FNMA Notes	1.69%	470,000.00	471,193.80	473,808.41	6/20/2019
FNMA Benchmark Notes	0.93%	260,000.00	259,563.20	256,625.20	8/2/2019
FHLB Global Note	0.94%	240,000.00	239,539.20	236,902.56	8/5/2019
FNMA Notes	1.05%	200,000.00	199,688.00	197,875.40	8/28/2109
FHLB Notes	1.38%	190,000.00	189,956.30	189,343.17	11/15/2019
FNMA Notes	1.52%	100,000.00	99,936.00	99,759.30	2/28/2020
FNMA Benchmark Notes	1.16%	110,000.00	110,467.50	107,448.11	5/6/2021
FNMA Notes	1.32%	60,000.00	59,794.74	58,277.94	8/17/2021
FNMA Notes	1.38%	100,000.00	99,388.00	97,129.90	8/17/2021
FNMA Notes	1.33%	210,000.00	209,149.50	203,972.79	8/17/2021
<i>Corporate Notes:</i>					
Wells Fargo & Company Global Notes	1.52%	1,000,000.00	999,000.00	998,200.00	1/16/2018
Bank of New York Mellon Corp (Callable)	1.60%	175,000.00	174,984.25	174,967.63	5/22/2018
CISCO Systems Inc Corp Note	1.66%	185,000.00	184,968.55	185,593.30	6/15/2018
Toyota Motor Credit Corp	1.58%	100,000.00	99,915.00	100,105.50	7/13/2018
Apple Inc Bonds	1.92%	130,000.00	129,936.30	130,378.43	2/7/2020
American Honda Finance Corp Notes	1.84%	130,000.00	129,112.10	125,956.74	9/9/2021
<i>Commercial Paper:</i>					
Toyota Motor Credit Corp	1.14%	250,000.00	247,904.79	249,718.00	5/12/2017
<i>Certificate of Deposit:</i>					
Bank of Nova Scotia Houston YCD	1.55%	215,000.00	215,000.00	215,016.13	11/6/2017
Skandinaviska Enskilda Banken NY CD	1.48%	215,000.00	215,000.00	214,846.28	11/16/2017
HSBC Bank USA NA Floating Cert Depos	0.97%	215,000.00	215,000.00	215,467.63	11/17/2017
Canadian Imperial Bank NY YCD	1.78%	250,000.00	249,805.00	251,383.50	11/30/2018
Nordea Bank Finland NY CD	1.74%	250,000.00	250,000.00	251,383.50	11/30/2018
Svenska Handelsbanken NY FLT Cert Depos	1.91%	215,000.00	215,000.00	214,410.69	8/24/2017
Bank of Montreal Chicago Cert Depos	1.90%	215,000.00	215,000.00	216,485.22	11/6/2017
TOTAL LONG TERM INVESTMENTS		\$ 8,868,892.32	\$ 8,903,352.78	\$ 8,854,506.34	

STAFF REPORT

To: Board of Directors
 From: George Machado – Field Services Manager
 Date: May 24, 2017
 Subject: Authorization to Procure Grazing Services for District

RECOMMENDED ACTION

Staff requests authorization to procure grazing services for the Baldwin and Kokila Reservoirs in the amount of \$16,000 to NM Ranch for FY16-17.

BACKGROUND

Grazing services were utilized with great success last fiscal year at Baldwin Reservoir for weed control on overgrown vegetation and for fire prevention. Located at this site is the Bacon pump station and solar facility. Last year NM Ranch provided grazing service at Baldwin Reservoir in 3 areas, totaling 16 acres at a calculated cost of \$562.50 per acre. The feedback from residents has been very positive and staff is recommending this service again for the current FY 2016-17.

This fiscal year the District plans to proceed with grazing the entire Baldwin Reservoir area, an estimated total area of 23 acres. In addition the District would like to add the Kokila Reservoir site. Due to this increase in scope, the total cost will be \$16,000 and requires Board approval per Ordinance 2000.

We have received and evaluated four responses for this effort. NM Ranch provided service area pricing, while the other grazing services provided a per acre price. The acre price had been extended and the total cost is summarized below.

Vendor	\$ Per / Acre	Baldwin (23 Acres)	Kokila (2 Acres)	Total
NM Ranch	\$ 640.00	\$ 13,500.00	\$ 2,500.00	\$ 16,000.00
Living Systems Management	\$ 875.00	\$ 20,125.00	\$ 1,750.00	\$ 21,875.00
Legacy Ranching	\$ 983.33	\$ 22,616.59	\$ 1,966.66	\$ 24,583.25
The Goat Works	\$ 1,000.00	\$ 23,000.00	\$ 2,000.00	\$ 25,000.00

The standard local charge for grazing services is \$1,000 per acre with the price lowering to \$750 per acre for the later summer months. NM Ranch will provide this service 37% lower than the next closest bidder and 17% less than the summer month rate. Staff is recommending utilizing NM Ranch for the current fiscal year grazing services.

FINANCIAL CONSIDERATIONS

This item was planned and budgeted for in Fiscal Year 2016-17.

STAFF REPORT

To: Board of Directors
From: Paul Helliker, General Manager
Date: May 24, 2017
Subject: Staff Positions

RECOMMENDED ACTION

Staff recommends that SJWD hire an HR specialist and a Safety/Regulatory Compliance specialist.

BACKGROUND

Keith Durkin retired from the Assistant General Manager (AGM) position on May 12, 2017. The Personnel Committee has considered options for addressing whether or not to hire a new AGM, or hiring other positions either in addition to the AGM position, or instead of the AGM position. As noted in the minutes of the May 5 Personnel Committee meeting minutes, the Committee recommended bringing to the Board the alternative of hiring an HR specialist and a Safety/regulatory specialist for discussion and approval, and not filling the AGM position.

Keith brought some unique expertise to the AGM position, having served as the principal project manager for SJWD projects at Kennedy Jenks Consultants prior to his appointment to the AGM position at SJWD. Keith was a primary author of San Juan's master plans and continued to manage various infrastructure projects as AGM (such as the upgrade of the treatment plant and associated systems, increase of capacity of the plant to 150 MGD, the wholesale water meter project and others.) Keith also provided support to the Board and the General Manager in dealing with external agencies and participating in regional meetings. The majority of Keith's time was spent on internal management – meeting with and advising managers, preparing materials for Board and Committee meetings, mentoring staff, researching and resolving human resources issues, etc.

With respect to external relations and regional activities, the capabilities of the District have greatly improved with the addition of Greg Zlotnick to the team. His knowledge and expertise about water policy issues and his regional and statewide experience have enhanced SJWD's ability to participate effectively on regional forums and on regulatory/legislative issues. Even before I started in March, Keith began reducing his participation in external activities and organizations, and there is currently very little need for additional support from an AGM for these activities, which Greg and I cover, with Tony Barela participating in some of the operational collaborations. Attachment 1 is a list of external groups, organizations and activities in which SJWD representatives participate, including a short description of the purpose of the group, who participates and how frequently the group meets.

With respect to infrastructure projects, it would be difficult to replace Keith's experience and knowledge, and finding an experienced engineer who has the ability to take on a senior management role is likely also complicated by the salary differences between public sector positions and comparable positions in the private sector. With the addition of the safety/compliance position, Tony Barela would be freed up to assume more responsibilities for coordination and project support (review of project plans and specifications, customer/contractor relations, etc.), which Keith had previously provided. Other engineering work that Keith performed would be conducted by the SJWD engineering department or by an engineering support contractor.

The other complement of duties that Keith performed, related to Board support, senior management, employee mentoring and human resources issues would be taken on by Donna Silva and Tony Barela, both of whom have such responsibilities as part of their job descriptions. To be able to fully perform these functions, however, they would need to delegate to subordinates the various functions that they currently perform on HR issues, training, safety and regulatory compliance. These duties are proposed to be taken on by the two positions recommended in this report and by the Personnel Committee, namely the HR specialist and the safety/regulatory specialist. The job descriptions for these two positions are attached (Attachments 2 and 3). Both are full-time positions, and have been recommended previously as part of District staffing and human resources audits, the most recent of which was in 2016 (Attachment 4) and in 2005 (excerpts in Attachment 5). A more detailed discussion of the purpose of and need for the safety/regulatory specialist position is included in Attachment 6. This position was discussed with the Board in March 2012, in the context of a presentation by Rick Hydrick about increasing regulatory compliance requirements. At the time, he noted that these responsibilities had reached the level that a full-time position with expertise in the arena was warranted to successfully carry them out.

Adding two new positions to the staff might, on the face of it, generate some concerns or issues associated with budget impacts or the need for office space. However, as Attachment 7 shows, the cost for these two positions would be offset by the savings associated with leaving the Assistant General Manager position vacant. And there is office space to accommodate the HR specialist in the administration building and space to accommodate the safety/regulatory specialist at the treatment plant.

As noted above, staff recommends that these two positions be filled as soon as possible, so that the transition of the duties discussed herein to Donna Silva and Tony Barela can be accomplished quickly.

SJWD EXTERNAL ACTIVITIES

Activity	Primary Representative	Alternate	Comments
RWA – Regional Water Authority (Board meets bi-monthly, Exec Comm on the alternative month)	Board/GM	Water Resources	Board mtgs, general activities
SGA – Sacramento Groundwater Authority (meets bi-monthly)	Board/GM	Water Resources	Board mtgs, general activities
RWA State Lobbying Subscription Program – one of a subset of RWA agencies participating (monthly meeting, with weekly updates)	Board/Water Resources		
RWA Regional Reliability Study – region-wide assessment of supplies and demands (ongoing 2-year study – meetings monthly)	Operations Mgr	Water Resources	
ARB Integrated Regional Water Management Plan – regional partnership to allocate grant funding (monthly meetings, as part of RWA meetings)	Operations Mgr	Engineering Mgr	We need better engagement to position ourselves for project grants
Water Forum Coordinating Committee (monthly meetings)	Counsel		
Water Forum Water Caucus – water agency caucus of the Water Forum entities (quarterly meetings)	GM	Water Resources	John Woodling, Tom Goring and water agency managers; to discuss Forum issues separate from other caucuses
Water Forum Plenary – composed of all parties participating in Water Forum (quarterly meetings)	GM	Water Resources	Quarterly evening meeting of all caucuses
R3 Federal Lobbying Activities – joint project with Folsom and Roseville to represent interest of direct diverters from Folsom (calls every 3 weeks, trips to Washington 2-3 times per year)	GM	Water Resources	

Activity	Primary Representative	Alternate	Comments
USBR CVAO Joint R3 Meetings – operational meeting with USBR (monthly meetings)	GM	Water Resources	
California WaterFix (biweekly conference calls, other meetings as required)	GM	Water Resources	
SWRCB Hearings – deliberations on new point of diversion and potential impacts upstream (meetings as necessary, testimony at hearings as scheduled)	GM	Water Resources	Keith to stay involved as needed through May
Sac Valley discussions, misc. “negotiations” – related to the BDWQCP and WaterFix activities (meetings as required)	GM	Water Resources	Keith to stay involved as needed through May
USBR Settlement Discussions	Water Resources		
The “Other 78%” - discussions of cost allocations for WaterFix and other CVP costs (meet as necessary, generally quarterly)	Counsel/Water Resources		SJWD is also the “regional lead”
PCWA/Roseville/Sacramento/SJWD Strategic Communications – related to current year deliberations on conservation legislation; provides support to RWA (weekly calls)	GM	Water Resources	
BDWQCP (Babbitt negotiations) – effort to resolve water quality control plan process in lieu of regulation and litigation (biweekly calls, meetings as necessary)	GM	Water Resources	Andy Fecko & Jim Peifer are regional leads. SJWD needs to stay dialed in through weekly updates

Activity	Primary Representative	Alternate	Comments
Bay Delta Task Force (NCWA activities) – discussions among Sacramento Valley agencies on WaterFix, WQCP, etc. (monthly meetings)	GM	Water Resources	
SWRCB LT Conservation Requirements – legislation is top priority of water agencies and trade associations (weekly calls/meetings, testimony and advocacy as required)	Water Resources	GM	
COE Folsom Water Control Manual	Water Resources	Operations Manager	Roseville and Folsom taking the lead
ACWA			
State Leg. Committee (meet every 3 weeks)	Water Resources		
Fed. Affairs Committee (meet quarterly)	Board	Water Resources	
Long-term Conservation (meet as necessary, related to LT Conservation requirements)	GM	Water Resources	
DWR/USBR COA Discussions – just gearing up discussions, for the purposes of defining operations and potential cost allocations (infrequent meetings)	GM	Water Resources	SJWD is also the “regional lead”
USBR Reconsultation on BOs – 3-5 year effort just ramping up now; American River agencies will need to monitor to keep abreast of potential operational impacts (attend infrequent meetings)	Water Resources		SJWD is one of the “regional leads” along with City of Sac. and PCWA
PIO Activities	GM	Cust Svc Mgr	Outsourced to C&C, Lisa covers some, management tag team effort on most

Activity	Primary Representative	Alternate	Comments
Delta Independent Science Board (monitor meetings as necessary)	Water Resources		SJWD is also the “regional lead”
NWRA (National Water Resources Association) – national trade association representing interests before the Bureau of Reclamation (monthly calls, conferences 3 times per year)	Water Resources		Board Alternate



San Juan Water District
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Human Resources Coordinator Position Description

Status: FLSA Non-Exempt and Confidential in nature

Supervisor: Director of Finance

Effective Date:

Supervision Received and Exercised:

Receives direction from the Director of Finance and may provide technical and functional supervision to assigned technical personnel.

Primary Function

To perform a variety of responsible and professional analytical duties in support of the District's human resources activities including classification and compensation, recruitment and selection, and benefit administration; and to provide advice to managers and staff on a wide variety of human resources topic.

Essential Duties - Duties may include, but are not limited to, the following:

- Analyze, interpret, research and compile information for the revision and maintenance of the District's classification plan and allocation of positions; monitor and maintain allocation salary schedule.
- Research and provide advice on organizational structure to improve the efficiency and effectiveness of District operations.
- Design and implement recruitment activities to obtain qualified candidates, including the creation of recruitment timelines, advertisement sources and selection process including application review, supplemental questionnaire development, and test administration; receive, research and respond to candidate questions and appeals.
- Interpret and explain policies, procedures, and regulations to District staff and the public; respond to complaints and requests for information from employees, management, outside agencies and the public.
- Administer a comprehensive benefit plan including health, dental and life insurance, long term disability, and other benefits including protective leave; administer the District's open enrollment process.
- Assist with the development and maintenance of District policies and procedures; represent the District to outside professional organizations; participate on cross functional teams.
- Develop, implement and administer a comprehensive training program, ensuring compliance with state regulations.
- Complete internal and external compensation and benefit studies.
- Advise on grievance processing and dealing with disciplinary matters; interpret provisions of the Personnel Manual with managers and employees; coordinate discipline process.
- Review completed payroll.
- Serve as administrator for employee database.
- Establish and maintain positive working relationships with co-workers, other District employees and the public using principles of good customer service.
- Develop and implement an employee wellness program to promote a positive and engaged workforce.

- Perform incident investigations.
- Track District performance metrics.
- Manage Supervisory training requirements including ethics, harassment, accident investigation, etc.
- Provide support to the Finance and Customer Service Departments.
- Perform related duties as assigned.

Minimum Qualifications

Knowledge of:

- General principles and practices of human resources administration and organization management.
- Pertinent federal, state, and local laws, codes and regulations.
- Practices, methods and procedures utilized in recruitment and selection.
- Principles and practices of recruitment, selection, classification, salary and benefit administration, EEO and employee relations within a public agency
- Advanced methods of statistical research and presentation.
- Principles and practices of project management.
- Principles and practices of supervision, training and performance evaluations.
- Pertinent local, State and Federal laws.
- Applicable safety precautions and procedures.

Ability to:

- Collect, compile, analyze and summarize written and statistical information and data.
- Prepare clear and concise technical and administrative reports.
- Analyze situations carefully and adopt effective courses of action.
- Independently perform professional analytical work in support of human resources programs.
- Identify, research and respond to questions from District departments, outside agencies and the public.
- Prepare and present technical reports.
- Interpret and explain human resources programs and policies.
- Collect, compile and analyze data and develop logical conclusions and sound recommendations.
- Respond appropriately to difficult and sensitive matters.
- On a continuous basis, know and understand all aspects of the job; intermittently analyze work papers, reports and special projects; identify and interpret technical and numerical information; observe and problem solve operational and technical policy and procedures.
- On a continuous basis, sit at desk for long periods of time; intermittently twist to reach equipment surrounding desk; perform simple grasping and fine manipulation; use telephone, and write or use a keyboard to communicate through written means.
- Research, analyze and make recommendations on accounting processes and procedures.
- Apply District, State and Federal policies, procedures, rules and regulations.
- Effectively operate computers and applicable software.
- Initiate and maintain effective safety practices.
- Communicate clearly and concisely, orally and in writing.
- Establish and maintain effective working relationships with those contacted in the course of work.

Education and Experience:

Any combination of experience and training that would provide the required knowledge and abilities is qualifying. A typical way to obtain the required knowledge and abilities would be:

Education:

Equivalent to a Bachelor's Degree from an accredited college or university with major course work in business administration, public administration, social science or closely related field.

Experience:

Three years of increasingly responsible experience performing professional level human resources duties within a public agency.

License or Certificate:

Possession of, or the ability to obtain and maintain, a California Driver's License with a satisfactory driving record. Individuals who do not meet this requirement due to a physical disability will be considered on a case-by-case basis.

Physical Capabilities:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform functions.

Physical Requirements	Rarely (0-12%)	Occasionally (12-33%)	Frequently (34-66%)	Regularly (67-100%)
Seeing Hearing				
Standing/Walking				
Climbing/Stooping/Kneeling				
Lifting/Pulling/Pushing				
Approximate Maximum Weight to Lift		20 Pounds		
Fingering/Grasping/Feeling				
Describe Working Conditions	100 Percent Indoors			



San Juan Water District

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SAFETY/REGULATORY COMPLIANCE COORDINATOR

Position Description

Status: FLSA Non-Exempt and Confidential in nature
Supervisor: Operations Manager
Effective Date:

Supervision Received and Exercised:

Receives direction from the Operations Manager and may provide technical and functional supervision to assigned technical personnel.

Primary Function

Develops, monitors, conducts, and administers the District's occupational health and safety and environmental programs in compliance with federal, state, and local safety, health, and environmental regulations, as well as industry standards; develops, implements and administers safety policies, procedures and directives; conducts investigations and evaluates the effectiveness of safety programs, implements new programs and procedures as needed; assists in the administration of the risk management program; acts as the District's Safety Officer; and performs other duties as assigned.

Essential Duties - Duties may include, but are not limited to, the following:

- Develops, coordinates, oversees, and participates in the day-to-day operations of District-wide occupational health and safety programs designed to reduce risk, ensure workplace safety, and prevent injury, occupational illness, and damage to property; performs a variety of professional level duties involved in the development, organization, implementation, and coordination of a variety of safety programs, including training, safety, and environmental compliance programs.
- Reviews, develops, and updates District-wide health and safety related policies and procedures for compliance with State and Federal rules and regulations; maintains functional District safety-related manuals and documentation, including preparing and distributing appropriate communications.
- Monitors legislative and regulatory changes at the Federal, State, and local levels, as well as trends and innovations in the field of occupational health and safety; determines applicability of administrative and regulatory requirements; advises assigned supervisor regarding the impact of regulations on District operations; provides updates to District staff on pertinent issues; and acts as liaison between regulatory agencies and District management as necessary.
- Establishes, implements, and coordinates safety training objectives; plans, develops, schedules, conducts, or arranges for regulatory and other health and safety related training; maintain records and database; prepares and presents reports to District management as needed. Works with District management to develop safety training plans for new employees.
- Recommends new or revised policies and work procedures to improve safety standards and/or comply with regulations; trains employees in work principles, practices, methods, policies, procedures, and applicable Federal, State, and local laws, rules, and regulations.
- Participates in budget preparation and administration for the safety program; prepares cost estimates

for budget recommendations and submit justifications and assists in the administration of various grants.

- Plans, schedules, prioritizes, and assigns safety-related projects, studies, and programs in consultation with assigned supervisor; communicates status of projects, studies, and programs to appropriate personnel, working cooperatively to schedule same in accordance with established priorities.
- Conducts and monitors District facility and site inspections, job hazards analyses and other evaluations to identify hazards and potential risks; conducts or assigns inspections and makes recommendations to assigned supervisor and implements appropriate and approved corrective actions for compliance with Federal, State, and local safety, health, and environmental regulations, as well as industry standards. Conducts audits of corrective action to ensure compliance with regulations and corrective actions.
- Provides technical and functional direction to assigned staff, reviews and controls quality of work safety and compliance.
- Represents the District on safety committees and to outside regulatory agencies; coordinates safety activities between departments and with outside agencies.
- Maintains a library of reference materials on training records and coordinates the acquisition of training materials, including manuals, technical resources, videos, recordings, and self-instruction workbooks.
- Develops, maintains and manages a variety of health and safety program elements, including but not limited to, the District's Injury and Illness Prevention Program, Hearing Conservation Plan, ARC Flash Safety Program and confined space entry program.
- Monitors employee exposure to noise and air contaminants, develops and implements hearing and respirator programs, including respirator fit testing, and enforces the use of safety equipment. Ensures safety equipment is compliant and maintained according to industry and manufacturer standards.
- Conducts a variety of audits and specialized studies, analyzes results and presents findings to management.
- Performs related report preparation and record maintenance for Environmental Protection, Fire Protection, Hazardous Waste Management, and Occupational Safety.
- Coordinates necessary permitting for compliance with environmental and air quality regulations.
- Develops and maintains District hazardous material business plans (HMBP) and petroleum storage tank permitting in compliance with Environmental and local Fire Departments Regulations.
- Coordinates the collection and disposal of hazardous waste in compliance with environmental regulations.
- Coordinates standards and performs inspections related to the District's Spill Prevention Control and Countermeasure (SPCC) plan; reports non-compliance to assigned supervisor; updates the SPCC plan, as needed.
- Maintains and updates the District's Material Safety Data Sheet (MSDS) database.
- Develops and administers contractor safety program, including reviewing contractor health and safety work plans for District projects, serving as the District's subject matter expert, and working with vendors and consultants for matters related to safety compliance, and providing contractors with appropriate hazardous materials communication in compliance with applicable regulations.
- Evaluates construction certificates for insurance and bonding to ensure adequate coverage for District liability.
- Manages and maintains the process, regulatory compliance, and safety programs related to chlorine gas facilities, which includes, but is not limited to, Process Safety Management Program (PSM) and Cal ARP Program 3 Prevention Program.
- Conducts appropriate coordinated trainings with first responders and District personnel.

- Conducts thorough audits, investigations and analysis of accidents, incidents and injuries; develops findings, prepares reports, and makes recommendations to assigned supervisor of corrective actions and preventative measures; assesses incident statistics to determine requirements for new or modified training.
- Assists in the implementation of District health and safety goals, objectives, policies, procedures, and work standards for the Division, including recommending improvements.
- Coordinates necessary safety certification and license obtainment and renewal for District employees.
- Operates standard office equipment, including job-related computer hardware and software applications, facsimile equipment and multi-line telephones; may operate other department-specific equipment.
- Builds and maintains positive working relationships with co-workers, other District employees, and the public.
- Drives a motor vehicle.
- Performs other duties as assigned.

Minimum Qualifications

Knowledge of:

- Policies, regulations, specifications, and requirements governing industrial safety, environmental compliance, and accident prevention for industrial and office environments.
- Principles and practices of assessments, inspections, and investigations as related to job responsibilities.
- Principles and practices of employee training and instructional methods and techniques.
- Practices of water system operations, wastewater treatment plant operations, and general office activities.
- Rules and regulations pertaining to the handling, storage, and disposal of hazardous and toxic materials.
- Practices, methods, materials, and equipment used in air and noise exposure monitoring.
- Occupational hazards and standard safety procedures.
- Modern office practices, methods, and computer equipment.
- Applicable Federal and State laws; District, Department, and Division regulations, codes, policies, and procedures.
- Recordkeeping principles and procedures.
- Principles and practices of program development, implementation, review, and evaluation.
- Computer applications related to the work, including word processing, spreadsheet and database applications.
- English usage, grammar, spelling, vocabulary, and punctuation.
- Techniques for effectively representing the District in contacts with governmental agencies, community groups, and various business, professional, educational, regulatory, and legislative organizations.
- Techniques for providing a high level of customer service to public and District staff, in person and over the telephone.

Ability to:

- Plan, schedule, assign, and oversee activities of an efficient and functional occupational health and safety program.
- Communicate safety programs clearly and effectively to all levels of staff.

- Inspect the work of others and maintain established quality control standards.
- Train others in work procedures.
- Analyze data and information using established criteria in order to determine consequences and to identify and select alternatives.
- Oversee and participate in safety related projects, studies, and programs.
- Meet the requirements to wear respiratory protection or other safety equipment.
- Develop, modify, implement, and coordinate the provision of a variety of safety training pertinent to water and wastewater operations, environmental compliance.
- Investigate and analyze a variety of plant, field, and office operations in order to implement and provide effective training and safety programs for a variety of staff covering a wide spectrum of operations and areas.
- Assemble data and prepare clear and concise reports, correspondence, policies, procedures, safety logs, charts, and other written and automated materials.
- Represent the District in matters related to safety, occupational health, and environmental compliance programs as required including with governmental agencies, professional, regulatory, and legislative organizations.
- Interpret, apply, and explain complex laws, codes, regulations, and ordinances.
- Make accurate arithmetic, financial, and statistical computations.
- Make effective public presentations.
- Understand written sentences and paragraphs in work-related documents.
- Prepare and administer program and project budgets after approval.
- Organize and prioritize a variety of projects and multiple tasks in an effective and timely manner; organize own work, set priorities, and meet critical time deadlines.
- Maintain attention to detail and accuracy while meeting critical deadlines.
- Operate modern office equipment including computer equipment and specialized software applications programs, including, but not limited to, Microsoft Office (Outlook, Word, Excel, etc.) and Computer Maintenance Management System (CMMS).
- Modify existing policies, strategies, and/or methods to meet unusual conditions.
- Recognize unusual, inefficient, or dangerous operating conditions and take appropriate action when unusual operating problems occur.
- Use English effectively to communicate in person, over the telephone, and in writing.
- Use tact, initiative, prudence, and independent judgment within general policy and legal guidelines.
- Establish and maintain effective working relationships with those contacted in the course of the work.
- Perform work in confined spaces, following required confined space entry procedures.

Education and Experience:

Any combination of experience and training that would provide the required knowledge and abilities is qualifying. A typical way to obtain the required knowledge and abilities would be:

Education:

Equivalent to a Bachelor's degree from an accredited college or university with major course work in industrial engineering, safety engineering, occupational health & safety, or closely related field

Experience:

Four (4) years of experience in the areas of workplace safety and employee training, including at least two (2) years of which have involved administration of a comprehensive safety and accident prevention program.

License or Certificate:

- Possession of, or the ability to obtain and maintain, a California Driver’s License with a satisfactory driving record. Individuals who do not meet this requirement due to a physical disability will be considered on a case-by-case basis.
- Possession of a Cardiopulmonary Resuscitation and Emergency Cardiac Care Provider certificate and First Aid certificate is required within one (1) year of employment.
- Certification as a Certified Safety Professional (CSP) and an Associate Risk Manager (ARM) is highly desirable.

Physical Capabilities:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform functions.

Physical Requirements	Rarely (0-12%)	Occasionally (12-33%)	Frequently (34-66%)	Regularly (67-100%)
Seeing				✓
Hearing				✓
Standing/Walking			✓	
Climbing/Stooping/Kneeling		✓		
Lifting/Pulling/Pushing		✓		
Approximate Maximum Weight to Lift		50 Pounds		
Fingering/Grasping/Feeling				✓
Describe Working Conditions	80 Percent Indoors, 20 Percent Outdoors in Inclement Weather			



San Juan Water District

Human Resources Audit

Performed by



October 2016

Executive Summary

Bryce Consulting was retained by the San Juan Water District to conduct a comprehensive review of the District's human resources function, identify areas for improvement, and make a recommendation regarding long-term staffing. Areas reviewed during the audit include:

- ◆ Legal and best practice compliance with respect to personnel file maintenance
- ◆ Application of personnel policies
- ◆ Human resources practices including selection, onboarding, off boarding, benefit administration
- ◆ Internal vs external support

In addition to the assessment, the consultant was also tasked with a variety of projects aimed at ensuring the District is legally compliant as well creating streamlined processes. Recommendations for improvement include:

- ◆ Revisions to recruitment and pre-employment process
- ◆ Revisions to onboarding and off boarding process including checklists and flow charts that document process and stakeholder involvement
- ◆ Review and reformat of personnel policies as recommended by ACWA JPIA and District Counsel

Overall, the District lacks the staff and professional human resources expertise to:

- ◆ Perform recruitment and selection
- ◆ Ensure consistent and thorough onboarding and off boarding of staff
- ◆ Perform benefit administration
- ◆ Assist with staff development and training
- ◆ Ensure legal compliance, including personnel file maintenance
- ◆ Maintain the District's classification and compensation plan

Methodology

Audit Scope

The scope of the audit was to assess the effectiveness of the District’s human resources program, identify gaps or concerns with respect to legal compliance and best practices and to recommend a “go forward” plan with respect to future staffing.

Audit Methodology

As stated, audit included a review of human resources practices and procedures as well as documentation.

The methodology included:

- ◆ Meeting with General Manager and Assistant General Manager to gain an understanding of the desired scope of the audit
- ◆ Interviews with management staff to gain an understanding of the level of support provided to management as well as gaps and needs
- ◆ Thorough review of personnel files to ensure legal compliance and best practices are being met
- ◆ Interviews with staff currently assigned human resources tasks to identify areas of concern, confusion, and gaps
- ◆ Discussion with other water districts to gain an understanding of the level of human resources support provided internally

Background

The District currently blends in house resources and external resources for the performance of human resources tasks. The District's Accounting Technician is split between payroll and human resources. More specifically, the position supports human resources with respect to the hiring process by commencing the background check and pre-employment physical with outside parties and meeting with the newly hired employee to have them complete the necessary paperwork on their first day of employment. The position also administers the District's leave programs (worker's compensation, disability, FMLA), and responds to questions from employees with respect to benefits. The General Manager, Assistant General Manager and Director of Finance also support the human resources function as it relates to advising and assisting managers. Lastly, the department managers receive and respond to a significant amount of questions related to human resources posed by their staff.

The District utilizes Bryce Consulting for recruitment activities including the development of job announcements, placement of ads, receipt and screening of applications, development of selection materials, scheduling and facilitation of interviews, maintaining contact with candidates, making offer to selected candidate and conducting reference checks.

The District has never had a full-time position dedicated to Human Resources. In 2004, the District developed a Human Resources Master Plan. Through that process it was recommended that the District consider contracting out human resources activities. At that time, the Finance Manager and Accounting Technician were responsible for benefits and personnel related questions and the department managers handled recruitments for their respective departments. During the 2004 review, it was mentioned that the District was reaching a point where human resources matters might come to the forefront as the District was being faced with turnover, disability leaves, and retirements and was reaching a staffing level where the human resources activities may become more time intensive and complex. It was also recommended that the District put more of an emphasis on human resources as well as safety since those tend to be areas where organizations can face a significant financial liability if not administered correctly.

Additionally, in 2014, the District had a review of the personnel policies by ACWA JPIA where a number of areas of improvement were identified.

Findings

Through the assessment, the consultant identified a number of gaps as outlined below:

1. Selection

- ◆ The District lacks strategic human resources involvement with respect to identifying changes needed to vacant positions prior to recruitment
- ◆ Hiring of temporary and seasonal staff as well as interns is left to the department managers leading to a lack of consistency
- ◆ The pre-employment physical process is cumbersome and disorganized leading to candidate frustration

2. Onboarding/Off boarding

- ◆ The onboarding and off boarding processes are not formalized and administered consistently and managers have too great of a responsibility for the processes including:
 - Orientation to the District
 - Completion of required documents
 - Ordering of uniforms
 - Explanation of District policies, procedures and benefits
 - Initial employee set up (IT)
 - Exit interviews
 - Collection of District property

3. Benefit Administration

- ◆ Lack of exploration and education on District benefits
- ◆ No open enrollment fair to explain benefit options or changes in benefits
- ◆ Lack of knowledge related to protected leaves (worker's compensation, disability, FMLA, return to work)

4. Personnel Policies

- ◆ Lack of consistency with respect to the application of policies and procedures including:
 - Hiring of temporary and seasonal staff

- Application of overtime for treatment plan operators
- Administration of flex day policy
- Awarding of leave and benefits while on protected leave
- ◆ Lack of regular review, revision and updating of policies (laws change annually and there should be a regular review of policies to ensure they are still consistent with law)

5. Staff Development/Training

- ◆ Tracking and scheduling of training is currently assigned to the Operations Manager which is not a best use of this position's time and the function is not getting the dedicated time required to ensure mandatory training is occurring
- ◆ Managers are driving staff development by researching opportunities for staff as they relate to career progression and succession planning with no strategic involvement from human resources
- ◆ Lack of staff time to build and maintain the District's culture and sense of team environment

6. Legal Compliance

- ◆ No dedicated or trained professional to research, understand and implement changes in law including:
 - Payroll law
 - ACA (once the District has 50 employees, it will need to implement ACA which is a complex and cumbersome process). The District currently has 46 employees.
 - Annual changes to California and Federal labor law
 - Ensuring personnel files are maintained consistent with California law

7. Classification and Compensation

- ◆ Lack of staff time and expertise to
 - Review and update job description
 - Maintain the District's salary schedule
 - Conduct compensation surveys

Recommendations

As stated, in 2004, it was recommended that the District put more emphasis on human resources and that the District explore contract services. The only aspect of human resources that the District has contracted out for is recruitment and selection, other than specialized projects such as Succession Planning, leaving a significant gap in the District's overall human resources program. The way in which human resources is being handled, whereby it is somewhat decentralized to department managers, leaves the District with significant gaps. Furthermore, the overall lack of knowledge related to human resources administration and law creates a significant legal exposure to the District. For instance, California has some of the most complex and convoluted leave laws and it is important that they are administered by an individual with in depth knowledge to ensure it is done properly as to not impact the employee's protected leave as well as set the District up for a legal challenge. While the District has not grown significantly since 2004, the fact that the human resources program has not developed further internally is worrisome. The employees are the District's greatest asset and it is important to ensure that employee focused programs and activities are handled appropriately.

It is recommended that the District create a full-time Human Resources Specialist position. The position would be responsible for ensuring that human resources processes and procedures are consolidated and implemented consistently. The audit has shown significant gaps in the program with respect to knowledge and time dedicated to perform the required duties. Sacramento Suburban Water District has approximately 65 employees and a full time Human Resources Specialist that is responsible for maintaining District human resources policies, procedures and systems; administering benefits, worker's compensation and disability programs; maintaining the District's classification plan; maintaining records and tracking compliance; administering the selection process; performing orientation and exit interviews; and working with management and staff on human resources related issues. Citrus Heights Water District has approximately 32 employees and has a position that is split between human resources and support to the Board of Directors; however, the bulk of the time is spent supporting the human resources function including recruitment; benefit administration; tracking and scheduling of training; new employee orientation and exit process; and maintenance of files. The Fair Oaks Water District has approximately 29 positions and has a Human Resources Administrator responsible for investigating challenges to human resources issues such as working conditions, disciplinary action and employee and applicant grievances and appeals; maintaining human resources records; coordinating new hire, leave and termination processes; maintaining job descriptions; and administering benefits, worker's compensation and COBRA. Given that the number of staff is less at Fair Oaks Water District, the Human Resources Administrator also has time to perform payroll and support the Board of Directors.

With the addition of the Human Resources Specialist, it is recommended that the following be assigned to the position:

- ◆ Recruitment, selection, and pre-employment processes as well as onboarding
- ◆ Benefit research and administration including open enrollment
- ◆ Leave management including return to work
- ◆ Training (tracking and scheduling)
- ◆ Policy interpretation and maintenance
- ◆ Termination and off boarding processes
- ◆ Classification and compensation plan maintenance
- ◆ Providing strategic guidance to managers with respect to vacancies, disciplinary action, and professional development
- ◆ Coordinating and tracking the performance evaluation process
- ◆ Tracking and ensuring compliance with labor law (with support from outside Counsel, as necessary)
- ◆ Maintenance of personnel files and related records
- ◆ Employee engagement
- ◆ ACA reporting (if the District reaches 50 employees)
- ◆ Support to Finance and Risk Management staff

In addition to the tasks noted above, the Director of Finance needs a position to review payroll and maintain the employee database for internal control purposes which would be appropriate for the Human Resources Specialist. Attachment A provides a draft job description. In terms of compensation, Bryce collected compensation data from 8 local agencies including Citrus Heights Water District, Carmichael Water District, City of Folsom, City of Roseville, El Dorado Irrigation District, Fair Oaks Water District, Placer County Water Agency and Sacramento Suburban Water District. Based on the labor market mean for this group of agencies, it is recommended that the maximum salary for the Human Resources Specialist be set at \$7,464.

ATTACHMENT A
DRAFT JOB DESCRIPTION

*San Juan Water District
Human Resources Master Plan*



Prepared By



Human Resource Services

241 Lathrop Way
Sacramento, CA 95815
916.263.3600

May 2005

Section III: Vision

The first phase of the study included defining and confirming the vision of the District for the next five years. Although the District has a very clear mission, it was important to identify the vision of the District for the next five years and to receive confirmation from the Board of Directors regarding the vision.

The General Manager and Assistant General Manager participated in a one day workshop focused on confirming the vision of the District. The discussion focused on topics including:

- Goals and objectives of the District.
- Strengths and weaknesses of the District.
- Barriers to success, both internal and external.
- Core values of the District.
- Defining how the District envisions itself as an employer.
- Future goals of both wholesale and retail operations.
- New or expanded services, although the District will maintain its core business.
- Leveraging regional resources.
- Barriers to success, both internal and external to the District, such as legislation, leadership, and retirements of staff.
- District's business plan, financial stability, and organizational structure.

The vision document can be found in Appendix A.

Section IV: Findings

The second phase of the project was to conduct a gap analysis. As mentioned, this phase focused on identifying gaps between where the District is currently and where the District needs to be, as defined through the vision development process. This phase consisted of a review of organization structure, reporting relationships and delegation of authority with emphasis on the District's management team. An overview assessment of the District's administrative systems, service levels, and staffing was conducted including finance, information technology, human resources, risk management, and customer service. In addition, the consultants examined workload and staffing issues, identified opportunities for operational improvements, and succession planning needs. Through this analysis, several areas of concern were identified.

I. General Manager's Office

With respect to the General Manager and Assistant General Manager, it was determined that the span of control for each is too broad, that both positions are overly focused on tactical day-to-day operations of the individual departments, and that the roles and responsibilities of the General Manager and Assistant General Manager need to be clarified.

II. Engineering

Currently the Engineering Department consists of an Engineering Manager, an Engineering Technician, and a Construction Inspector. The function of that department is solely focused on retail engineering, as the Department provides very little support to the wholesale master planning, CIP, or water quality functions. Furthermore, other than the Assistant General Manager, there is no in-house professional engineering staff assigned to the CIP to actively manage the work of outside consultants and contractors.

Additionally, the District is making a significant investment in GIS without clearly defining the benefit. The Engineering Manager currently serves as the District's safety officer and workers' compensation administrator which is not the most appropriate use of the position's time and creates a disconnect between risk management, which is the responsibility of the Finance Manager, and safety.

III. Accounting and Finance

The Accounting and Finance Department consists of a Finance Manager and two Accounting Technicians. One of the Accounting Technician positions has been recently vacated and the other is due to retire in the near future. Currently the Finance Manager is the only degreed accountant on staff creating a lack of back up. As mentioned previously, the Finance Manager is responsible for liability insurance while the Engineering Manager is responsible for safety and workers' compensation accident insurance and claim administration. This has the potential to create a liability for the District. The Finance Department is also responsible for some level of human resources support such as payroll and benefits.

- Operations (Distribution)
 - Succession plan (management and supervisors)
 - Proactive/customer focused
 - Mentor staff
- Administration
 - Appropriate staff/consultant capacity to address core internal services including accounting, human resources, risk management, safety, and technology
 - Appropriate staff for customer service

SAFETY/REGULATORY COMPLIANCE COORDINATOR**Needs Assessment**

May 15, 2017

**Overview:**

Safety and Regulatory Compliance Programs have been assigned to various positions over the years. For example, in 2005, when the District undertook the development of an HR Master Plan, the Engineering Manager was responsible for safety as well as worker's compensation accident insurance and claim administration. The recommendations from the HR Master Plan was to move safety under the Finance Manager; the change was subsequently made after approval of the Master Plan. Currently, Safety and Regulatory Compliance Programs are managed and under the authority of the District's Operations Manager with operational assistance from the Field Services Manager and Water Treatment Plant Superintendent. Given the scope of responsibility assigned to each of these positions, this is not necessarily the best use of the positions and can create either a gap or duplication in effort by having the function divided between multiple positions. In addition to ensuring the safety of District staff, Safety and Regulatory Compliance Programs are required to remain in compliance with:

- U.S. Department of Labor – Occupational Safety and Health Administration (OSHA)
- California Division of Occupational Safety and Health (Cal-OSHA)
- Placer County Health and Human Services – Environmental Health Division
- State of California – California Environmental Protection Agency (EPA)
- State Water Resources Control Board - Division of Drinking Water

The newly proposed Safety/Regulatory Compliance Coordinator (SRCC) would report directly to the Operations Manager and work closely with the Field Services Manager and Water Treatment Plant Superintendent for both the safety and regulatory aspects of the position. By having one position dedicated to the program, the District is more likely to cover all aspects of the program in a more effective and efficient manner and in addition to having program elements assigned to an individual with the expertise to develop, manage and implement regulatory changes. Additionally, by transferring these efforts to the SRCC, the Operations Manager will be freed to accept workload that has been traditionally completed by the Assistant General Manager. This revision to the District's organization would ensure dedicated staff to cover one of the District's most costly exposures if not managed properly, while creating salary savings by not filling the higher paid classification of Assistant General Manager. Following are tasks to be transferred to the proposed SRCC if approved:

Safety Training and Compliance

1. Manage Training/Safety Program
 - a) Assign, track and record training
 - b) Track individual completions & certifications
 - c) Locate and implement contracts with outside training services
 - d) Develop training and compliance budget for safety program
 - e) Present safety matters to the Board of Directors
2. Develop & Maintain Safety/Training Compliance
 - a) Departmental Programs

- b) Component Specific Trainings
 - c) Competent Person Training
3. Develop & Manage Safety Programs
 - a) Injury and Illness Prevention Program (IIPP)
 - b) Lockout/Tagout (LOTO)
 - c) Confined Space Entry & Rescue Program
 - d) Heat Illness and Prevention Plan
 - e) Fire Prevention Plan
 - f) Americans with Disability Act (ADA)
 - g) Health and Safety Committee
 4. Safety Internal Coordination
 - a) Evaluate District operational procedures for compliance
 - b) Audit work activities
 - c) Assign responsibilities and recommend improvements
 - d) Perform investigations related to safety issues
 - e) Perform New Employee Safety Orientations
 5. District Representative
 - a) Coordinate inspections and safety compliance with JPIA & Cal-OSHA representatives
 - b) Represent the District at regional safety meetings
 - c) Coordinate and develop agreements with outside agencies related to safety response.

Regulatory Compliance

1. Manage Regulatory Compliance Program
 - a) Develop, monitor and maintain Regulatory Compliance Programs
 - b) Locate and implement contracts with outside specialty compliance services
 - c) Annually review and update programs in compliance with State, Federal and local laws, rules and regulations
2. Develop & Maintain Regulatory Compliance Programs
 - a) California Accidental Release Prevention (CalARP) Program
 - b) Risk Management Plan (RMP)
 - c) Process Safety Management Program (PSM)
 - d) County Environmental Reporting System (CERS)
 - e) EPA application and Electronic Verification (Hazardous Waste Manifests)
 - f) Hazardous Materials Business Plan (HMBP)
 - g) Spill Prevention Control and Countermeasures (SPCC) Plan
 - h) Material Safety Data Sheet (MSDS) Program
3. Compliance Internal Coordination
 - a) Confer with Department Managers related to department specific regulatory compliance
 - b) Evaluate District operations related to Regulatory Compliance
 - c) Assign responsibilities and recommend improvements
 - d) Perform investigations related to regulatory compliance issues

- e) Perform periodic facility/Department audits
4. District Representative
- a) Coordinate and represent the District during inspections and meetings with Federal, State and Local representatives

Scenario #1: Fill the AGM position - status quo

	Allocation Whsl/Retail	Salary (mid-range)	Benefits	Total Compensation	Wholesale Cost	Retail Cost
AGM - Current Pay	70%-30%	\$ 198,681	\$ 75,295	\$ 273,976	\$ 191,783	\$ 82,193
AGM - Proposed	70%-30%	\$ 170,700	\$ 71,300	\$ 242,000	\$ 169,400	\$ 72,600
			Savings	\$ (31,976)		

Scenario #2: Eliminate AGM, add HR and Safety Positions

	Allocation Whsl/Retail	Salary (mid-range)	Benefits	Total Compensation	Wholesale Cost	Retail Cost
HR Coordinator	50%-50%	\$ 83,200	\$ 44,900	\$ 128,100	\$ 64,050	\$ 64,050
Safety Manager	50%-50%	94,000	46,600	140,600	70,300	70,300
Contract Savings				(10,000)		
Total Cost		\$ 177,200	\$ 91,500	\$ 258,700	\$ 134,350	\$ 134,350
			Total cost increase/(decrease) from current	\$ (15,276)		
			Total cost increase/(decrease) from proposed AGM	\$ 16,700		

Scenario #3: Keep AGM, add HR position

	Allocation Whsl/Retail	Salary (mid-range)	Taxes & Benefits	Total Compensation	Wholesale	Retail
AGM	70%-30%	\$ 170,700	\$ 71,300	\$ 242,000	\$ 169,400	\$ 72,600
HR Coordinator (1)	50%-50%	94,000	46,600	140,600	70,300	70,300
Contract Savings				(10,000)		
Total Cost		\$ 264,700	\$ 117,900	\$ 372,600	\$ 239,700	\$ 142,900
			Total cost increase/(decrease) from current	\$ 98,624	\$ 70,300	\$ 70,300
			Total cost increase/(decrease) from proposed AGM	\$ 130,600		

¹⁾ For this scenario the HR Coordinator salary has been increased to the Safety Manager level to reflect the increased responsibility for the safety program

Assumptions:

Salaries pegged at mid-point of range

AGM range assumed to be between top of Finance Director range and current GM salary

STAFF REPORT

To: Board of Directors

From: Donna Silva, Director of Finance

Date: May 24, 2017

Subject: Refunding of Revenue Certificates of Participation, Series 2009A — “A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF WATER REVENUE REFUNDING BONDS FOR THE PURPOSE OF REFINANCING THE COSTS OF ACQUIRING AND CONSTRUCTING WATER SYSTEM IMPROVEMENT PROJECTS, APPROVING AN OFFICIAL STATEMENT AND RELATED MATTERS”

RECOMMENDED ACTION

Approve and adopt the Resolution authorizing issuance of revenue refunding bonds; approving form of certain documents; and authorizing certain actions in connection therewith.

BACKGROUND

The District previously entered into an Installment Purchase Agreement, dated as of June 1, 2009 with the San Juan Suburban Water District Financing Corporation pursuant to which the District agreed to make certain installment payments in the aggregate principal amount of \$30,510,000 for the purpose of financing certain improvements to the Water System, and in connection therewith Union Bank, N.A. (now known as MUFG Union Bank, N.A.), as trustee, executed and delivered the \$30,510,000 Revenue Certificates of Participation, Series 2009A, pursuant to a Trust Agreement, dated as of June 1, 2009, between the District, the Corporation and the 2009 Trustee.

There are \$28,375,000 of the 2009 Certificates still outstanding, and the average interest rate (or “coupon” rate) on the Bonds is 5.83% with a final maturity of February 1, 2039. The documents approved with this action will allow the 2009 Certificates to be refunded at an average interest rate of approximately 4.97% (and an All-in True Interest Cost of approximately 3.73%). The reduction in interest rate will reduce debt service payments by approximately \$11.21 million through Fiscal Year 2039.

DISCUSSION

Municipal Market Data (MMD) rates, the benchmark for tax-exempt municipal bonds, remain at historical lows. The proposed refinancing seeks to reduce the debt service associated with the District’s 2009 Certificates through a reduction in interest rates. The District’s 2009 Certificates cannot be redeemed before February 1, 2019, but they can be advance refunded whereby the District sets up an irrevocable Escrow to pay debt service until February 1, 2019 and redeems the remaining bonds outstanding at that time. The Escrow will be invested in qualified investments.

The proposed 2017 Bonds will generate an estimated total debt service savings (net of all costs of issuance) of \$11.21 million over the life of the bonds. Annual savings range

from \$423,000 to \$545,000 except for the 2033 maturity which has approximately \$1.52 million in savings. Debt service on the District's 2012 Bonds and the 2009 Certificates spikes in 2033, and we are structuring the 2017 Bonds so that combined annual debt service with the 2012 Bonds is now level. Therefore, the decreased debt service on the new bonds in 2033 results in greater savings in that year.

The net present value savings of the refinancing is approximately \$5.12 million which represents about 18% of the amount of debt being refinanced. This compares favorably to the District's Debt Management Policy and the Government Financing Officers Association (GFOA) target of net present value savings of 3% on municipal refinancings.

The source of repayment of the 2017 Bonds is Revenues net of Operations & Maintenance Costs. The Bonds require the District to generate enough revenues (after O&M Costs) to pay 115% of debt service. The District can also use its cash (through a Rate Stabilization Fund) to meet this 115% requirement.

The District's debt service coverage for the 2015-16 fiscal year was 1.58x, and its cash balance was \$24.9 million as of June 30, 2016.

If the subject Resolution and documents are approved by the District, the underwriter expects to begin marketing the bonds immediately. The sale would be expected to be completed on or about June 1, with a delivery/closing date on or about June 22.

FINANCIAL CONSIDERATIONS

Estimated savings to the District (net of all Costs of Issuance) of approximately \$11.67 million over the life of the bonds through Fiscal Year 2039. Savings are achieved through a reduction in average interest rate from 5.83% to approximately 4.97% (and an All-In True Interest Cost of 3.73%). Based on current interest rates, estimated annual savings will range from \$423,000 to \$1.52 million as discussed above. The bonds are allocated 64% to wholesale and 36% to retail. The savings will be shared in the same proportion, as will the costs of issuance, discussed below.

With Board approval, staff expects to issue the Series 2017 Bonds as soon as feasibly possible. The total issuance is expected to be approximately \$24.5 million. All proceeds net of issuance costs of the 2017 Bonds will be used to refund the 2009 Certificates. The estimated Costs of Issuance are as follows:

Estimated Costs of Issuance

		Estimated Par Amount	\$24,515,000
Service	Firm		Total Fees & Expenses
Bond/ Disclosure Counsel	Jones Hall ²		\$ 90,000
Financial Advisor	Urban Futures, Inc.		42,500
Rating Agency ¹	Standard & Poor's		23,000
Verification Agent	Samuel Klein and Company		1,500
Trustee & Counsel	MUFG Union Bank		5,750
Printing	Royce Printing		2,500
Contingency	-		4,750
Subtotal		TOTAL	\$ 170,000

Underwriter's Discount Not-to-Exceed (\$6/Bond ²)	\$	147,090
TOTAL ESTIMATED ISSUANCE COSTS (Including Underwriter's Discount)	\$	317,090
<i>% of Overall Proposed Issuance</i>		<i>1.3%</i>

Notes:

- 1 Estimated based on 2017 S&P Rating Fee Schedule
- 2 Not-to-Exceed Fee

SUMMARY OF DRAFT DOCUMENTS

Resolution — This document authorizes the issuance and sale of the 2017 Bonds to refund the 2009 Certificates. It specifies a minimum savings requirement of 3% and a maximum underwriter's discount of 0.6% of par, approves form of documents, and authorizes actions connected to this issuance.

Preliminary Official Statement – This is the offering document that will be presented to potential investors on the 2017 Bonds, and includes information about the District as well as a summary of the terms and payment obligations for the 2017 Bonds. The proposed preliminary official statement is materially complete, with only non-essential information that will be completed or updated prior to posting.

Indenture of Trust – This document outlines the specific terms describing how the proceeds of the refunding bonds will be used, how payments are to be made, the legal security for investors, the ability for additional borrowings on a parity basis to the refunding, along with other terms of the borrowing.

Escrow Deposit and Trust Agreement – This document appoints the Escrow Agent for the purpose of establishing an irrevocable Escrow fund to be funded, invested, held and administered for the purpose of prepaying the 2009 Certificates. This document gives the Escrow Agent directions on allocation of the Bond Proceeds.

Bond Purchase Agreement – This document defines the terms under which the District's underwriter will purchase the Bonds from the District and deliver them to investors.

- Attachments:
- Resolution
 - Preliminary Official Statement
 - Indenture of Trust
 - Escrow Deposit and Trust Agreement
 - Bond Purchase Agreement

RESOLUTION NO. 17-13

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF WATER REVENUE REFUNDING BONDS FOR THE PURPOSE OF REFINANCING COSTS OF ACQUIRING AND CONSTRUCTING WATER SYSTEM IMPROVEMENT PROJECTS, APPROVING AN OFFICIAL STATEMENT AND RELATED MATTERS

WHEREAS, the District owns and operates facilities for the collection, treatment and supply of water within the service area of the District, both for retail and wholesale customers (the "Water System"); and

WHEREAS, the District previously entered into an Installment Purchase Agreement, dated as of June 1, 2009 (the "2009 Agreement") with the San Juan Suburban Water District Financing Corporation (the "Corporation"), pursuant to which the District agreed to make certain installment payments in the aggregate principal amount of \$30,510,000 (the "2009 Installment Payments") for the purpose of financing certain improvements to the Water System (the "2009 Project"), and in connection therewith Union Bank, N.A. (now known as MUFG Union Bank, N.A.), as trustee (the "2009 Trustee"), executed and delivered the \$30,510,000 Revenue Certificates of Participation, Series 2009A (the "2009 Certificates"), pursuant to a Trust Agreement, dated as of June 1, 2009, between the District, the Corporation and the 2009 Trustee; and

WHEREAS, the 2009 Certificates maturing on or after February 1, 2020 are subject to redemption, at the option of the District, on any date on or after February 1, 2019, as a whole or in part, from prepayments of the 2009 Installment Payments, without premium; and

WHEREAS, the District, after due investigation and deliberation, has determined that it is in the interests of the District at this time to provide for the issuance of its Water Revenue Refunding Bonds, Series 2017 (the "Bonds") pursuant to this Resolution and the Indenture (as defined in Section 5) for the purpose of refinancing the 2009 Installment Payments; funding a reserve fund for the Bonds (if necessary); and paying the costs of issuing and selling the Bonds; and

WHEREAS, the District has determined to sell the Bonds to Piper Jaffray & Co. (the "Original Purchaser") pursuant to the terms of a Bond Purchase Agreement (the "Bond Purchase Agreement") to be entered into by the District and the Original Purchaser with respect to the Bonds; and

WHEREAS, the District has caused to be prepared a preliminary Official Statement containing material information relating to the District, the Water System and the Bonds, the preliminary form of which will be distributed by the Original Purchaser, as underwriter of the Bonds, to persons and institutions interested in purchasing the Bonds, the form of which is on file with the Secretary; and

WHEREAS, the Board of Directors of the District (the "Board") wishes at this time to authorize all proceedings relating to the issuance of the Bonds, and to approve the execution and delivery of all agreements and documents relating thereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Juan Water District as follows:

1. Findings. The above recitals are hereby made findings of the District Board of Directors and are incorporated herein.

2. Adoption of Authorizing Procedures. The Board hereby authorizes the Bonds to be issued pursuant to Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

3. Issuance of Bonds. The Board hereby authorizes and approves the issuance of the Bonds, to be denominated "San Juan Water District Water Revenue Refunding Bonds, Series 2017," to refund some or all of the 2009 Installment Payments (and the corresponding portion of the 2009 Certificates). The refunding of the 2009 Installment Payments shall be conditioned upon savings realized from the refunding of 2009 Installment Payments being not less than three percent (3%) of the refunded bonds par amount, on a net present value basis.

4. Purposes. The Bonds will be issued to provide funds to prepay the 2009 Agreement and the 2009 Installment Payments (which will in turn provide funds to refund the corresponding portion of 2009 Certificates); to fund a reserve fund for the Bonds (if necessary); and to pay the costs of issuing and selling the Bonds.

5. Revenue Bonds. The Bonds are to be revenue bonds, payable exclusively from the net revenues of the Water System as and to the extent set forth in the Indenture. Such revenues constitute a trust fund for the security and payment of the principal or redemption price of and interest on the Bonds. The general fund of the District is not liable and the credit or taxing power of the District is not pledged for the payment of the principal or redemption price of and interest on the Bonds, except that the revenues pledged shall include the District's share of the Placer County and Sacramento County levy of the 1% property tax as specified in the Indenture. The owners of the Bonds may not compel the exercise of the taxing power by the District or the forfeiture of its property, and the principal or redemption price of and interest on the Bonds are not a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the revenues of the Water System as and to the extent set forth in the Indenture.

6. Approval of Indenture of Trust. The Bonds shall be issued pursuant to and secured by the Indenture of Trust (the "Indenture"), between the District and MUFJ Union Bank, N.A., which is hereby authorized to act as trustee for the Bonds (the "Trustee"). The Indenture, in substantially the form on file with the Board Secretary, is hereby approved by the Board. The General Manager or the Finance Director (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed, for and in the name of the District, to execute and deliver the Indenture in such form, together with such changes, insertions and omissions as may be approved by the District's Bond Counsel and an Authorized Officer, such execution to be conclusive evidence of such approval; and the Board Secretary is hereby authorized and directed to attest such Indenture and affix the seal of the District thereto, if required. The Board hereby authorizes the delivery and performance of the Indenture. The Trustee shall be compensated for the services rendered by it in accordance with the Indenture on the basis of the fee schedule approved from time to time by an Authorized Officer.

7. Terms of the Bonds. The Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be issued in the form, shall be subject to redemption, and shall otherwise be issued on the terms and conditions, all as set forth in the final Indenture and in accordance with this Resolution.

8. Sale of Bonds. The Board hereby authorizes the sale of the Bonds to Piper Jaffray & Co., as underwriter, pursuant to the Bond Purchase Agreement. The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the District, in substantially the form on file with the Board Secretary, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement, provided that the underwriter discount of the Original Purchaser, not including any net original issue discount, shall not exceed 0.45% of the par amount of the Bonds.

9. Official Statement. Staff has caused a draft of the Preliminary Official Statement to be distributed to the members of the Board and to be placed on file with the Board Secretary. The Preliminary Official Statement is still in draft form and staff is continuing to work with the District's municipal advisor and disclosure counsel to finalize the Preliminary Official Statement. The Board hereby authorizes and directs any Authorized Officer on behalf of the District to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") prior to its distribution to prospective purchasers of the Bonds. The Board hereby approves and authorizes the distribution of the Preliminary Official Statement to prospective purchasers of the Bonds.

The Authorized Officers are each authorized and directed to cause the preliminary Official Statement to be brought into the form of a final Official Statement and to execute said final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Authorized Officers or any one of them shall take such further actions prior to the signing of the final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall be in substantially the form of the preliminary Official Statement and which shall include such changes and additions thereto deemed advisable by an Authorized Officer and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the District.

The final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

10. Continuing Disclosure. The Board hereby approves the Continuing Disclosure Certificate, in substantially the form attached to the Preliminary Official Statement together with any changes therein or additions thereto deemed advisable by any Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby separately authorized and directed to execute, and the Board Secretary

is hereby authorized and directed to attest the final form of the Continuing Disclosure Certificate, for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Continuing Disclosure Certificate.

11. Municipal Bond Insurance and Surety Bond. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy for the Bonds and/or a reserve account surety bond for the Bonds from a municipal bond insurance company if it is determined, upon consultation with the Municipal Advisor and the Original Purchaser, that such municipal bond insurance policy and/or surety bond will create cost savings.

12. Engagement of Counsel. The firm of Jones Hall, A Professional Law Corporation, is hereby retained as bond counsel to the District and as disclosure counsel to the District in connection with the issuance and sale of the Bonds by the District. Any Authorized Officer is authorized and directed on behalf of the District to engage such firm for the Bond services, provided that the fee for bond counsel shall not exceed \$50,000 and the fee for disclosure counsel shall not exceed \$40,000.

13. Official Actions. The Authorized Officers, the Board Secretary and all other officers of the District are each, acting alone, authorized and directed on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance or termination, warrants and other documents, including an escrow agreement related to the 2009 Certificates, which they or any of them deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

14. Effective Date. This Resolution shall take effect from and after the date of approval and adoption thereof.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 24th day of May 2017, by the following vote:

AYES:	DIRECTORS:
NOES:	DIRECTORS:
ABSENT:	DIRECTORS:

KENNETH MILLER
President, Board of Directors

ATTEST

TERI GRANT
Secretary, Board of Directors

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017**NEW ISSUE - FULL BOOK-ENTRY****RATING: S&P: “__”****See “Rating”**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2017 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the 2017 Bonds is exempt from California personal income taxes. See “TAX MATTERS.”

\$ _____ *

**SAN JUAN WATER DISTRICT
Water Revenue Refunding Bonds
Series 2017**

Dated: Date of Delivery

Due: February 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the “2017 Bonds”) are being issued by the San Juan Water District (the “District”) under an Indenture of Trust dated as of _____ 1, 2017 (the “Indenture”), by and between the District and MUFG Union Bank, N.A., as trustee. See “THE 2017 BONDS – Authority for Issuance.”

Security for the 2017 Bonds. The 2017 Bonds are special obligations of the District, payable solely from “Net Revenues” of the District’s facilities for the transportation, treatment and distribution of water (as described in more detail herein, the “Water System”), and amounts on deposit in the funds and accounts established under the Indenture as and to the extent provided in the Indenture. The District will not fund a debt service reserve fund for the 2017 Bonds. See “SECURITY FOR THE 2017 BONDS.”

Outstanding and Future Parity Debt. The 2017 Bonds are secured by a pledge of Net Revenues on a parity with the District’s pledge of Net Revenues to pay installment payments supporting the District’s Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A. The District is also authorized under the Indenture to issue or incur other loans, advances or indebtedness payable from Net Revenues secured by and payable from Net Revenues on a parity with the 2017 Bonds upon the satisfaction of certain conditions as described in this Official Statement. See “SECURITY FOR THE 2017 BONDS – Parity Debt.”

Use of Proceeds. The 2017 Bonds are being issued to provide funds to (i) refinance all of the District’s obligations to make installment payments (the “2009 Installment Payments”) pursuant to an Installment Purchase Agreement, dated as June 1, 2009, by and between the District and the San Juan Suburban Water District Financing Corporation and prepay the District’s outstanding Revenue Certificates of Participation, Series 2009A (the “2009A Certificates”) which securitized the 2009 Installment Payments, and (ii) pay the costs of issuing the 2017 Bonds. See “FINANCING PLAN.”

Bond Terms; Book-Entry Only. The 2017 Bonds will bear interest at the rates shown on the inside cover, payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2017, and will be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The 2017 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Purchasers of the 2017 Bonds will not receive certificates representing their interests in the 2017 Bonds. Payments of the principal of, premium, if any, and interest on the 2017 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2017 Bonds. See “THE 2017 BONDS – General Provisions.”

Redemption. The 2017 Bonds are subject to redemption prior to maturity. See “THE 2017 BONDS – Redemption.”

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF THE 2017 BONDS OR INTEREST THEREON. THE 2017 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE DISTRICT OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET REVENUES OF THE WATER SYSTEM AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE AS AND TO THE EXTENT PROVIDED IN THE INDENTURE.

**MATURITY SCHEDULE
(see inside cover)**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2017 Bonds. INVESTMENT IN THE 2017 BONDS INVOLVES RISKS THAT MAY NOT BE APPROPRIATE FOR SOME INVESTORS. SEE “BOND OWNERS’ RISKS.”

The 2017 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the District by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as counsel to the Underwriter and for the District by Bartkiewicz, Kronick & Shanahan, as counsel to the District. It is anticipated that the 2017 Bonds, in book-entry only form, will be available through the facilities of DTC on or about June ___, 2017.

[PIPER JAFFRAY & CO. LOGO]

The date of this Official Statement is: _____, 2017

* Preliminary; subject to change.

MATURITY SCHEDULE

\$_____ Serial Bonds
(Base CUSIP†: _____)

<u>Maturity (February 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>
----------------------------------	-----------------------------	--------------------------	--------------	--------------	---------------

\$_____ % Term Bond due February 1, 20___, Yield ___%, Price %, CUSIP†_____

† Copyright 2017, American Bankers Association. CUSIP data herein are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of CUSIP data.

SAN JUAN WATER DISTRICT

BOARD OF DIRECTORS

Kenneth Miller, *President*
Bob Walters, *Vice President*
Edward J. "Ted" Costa, *Director*
Dan Rich, *Director*
Pamela Tobin, *Director*

DISTRICT STAFF

Paul Helliker, *General Manager*
Keith Durkin, *Assistant General Manager*
Donna Silva, CPA, *Director of Finance*

BOND COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

TRUSTEE

MUFG Union Bank, N.A.
Los Angeles, California

VERIFICATION AGENT

Samuel Klein and Company, Certified Public Accountants
New York, New York

DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2017 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2017 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the District or the Water System since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2017 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2017 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriters may over allot or take other steps that stabilize or maintain the market price of the 2017 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2017 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2017 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Internet Site. The District maintains an internet site; however, none of the information contained on that internet site is incorporated by reference in this Official Statement.

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OFFICIAL STATEMENT

\$ _____ *

SAN JUAN WATER DISTRICT
Water Revenue Refunding Bonds
Series 2017

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. Capitalized terms used but not defined in this Official Statement have the meanings given in the Indenture (as defined below). See "APPENDIX A – Summary of Certain Provisions of the Indenture."

Authority for Issuance. The bonds captioned above (the "**2017 Bonds**") are being issued by the San Juan Water District (the "District") under an Indenture of Trust dated as of _____ 1, 2017 (the "**Indenture**"), by and between the District and MUFG Union Bank, N.A., as trustee (the "**Trustee**"). See "THE 2017 BONDS – Authority for Issuance."

Security for the 2017 Bonds. The 2017 Bonds are special obligations of the District, payable solely from "Net Revenues" of the water system of the District, comprising all facilities for the transportation, treatment and distribution of water for the District's water customers (the "**Water System**"), and amounts on deposit in the funds and accounts established under the Indenture as and to the extent provided in the Indenture. "**Net Revenues**" are generally defined in the Indenture as the "Revenues" received from the Water System, less the amount of "Operation and Maintenance Costs" of the Water System (as those terms are defined in the Indenture). See "SECURITY FOR THE 2017 BONDS."

Outstanding and Future and Parity Obligations. The District's pledge of Net Revenues to the 2017 Bonds is on a parity with the District's pledge of Net Revenues to make installment payments (the "**2012 Installment Payments**") pursuant to an Installment Purchase Agreement, dated as May 1, 2003, as amended by the Amendment No. 1 to Installment Purchase Agreement, dated as of April 1, 2012 (as amended, the "**2012 Agreement**"), in each case by and between the District and the San Juan Suburban Water District Financing Corporation (the "**Corporation**"). The 2012 Installment Payments are pledged to the repayment of a portion of the District's \$15,195,000 original principal amount Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A (the "**2012A Bonds**"), which are currently outstanding in the aggregate principal amount of \$12,455,000, of which \$10,585,000 is the District's portion. The remainder of the 2012A Bonds are secured by installment payments

* Preliminary; subject to change.

payable by the Citrus Heights Water District (“**Citrus Heights**”) from net revenues pursuant to an Installment Purchase Agreement, dated as of May 1, 2003, by and between Citrus Heights and the Corporation, as amended by Amendment No. 1 to Installment Purchase Agreement, dated as of April 1, 2012. and are not obligations of the District. Additional series of bonds or other debt may be issued that are payable from Net Revenues on a parity with the 2017 Bonds and the 2012 Installment Payments (such obligations, “**Parity Obligations**”), subject to the conditions contained in the Indenture. See “SECURITY FOR THE 2017 BONDS – Parity Debt.”

Purpose of the 2017 Bonds. The 2017 Bonds are being issued to provide funds to (i) refinance all of the District’s obligations to make installment payments (the “**2009 Installment Payments**”) pursuant to an Installment Purchase Agreement, dated as June 1, 2009 (the “**2009 Agreement**”), by and between the District and the Corporation and prepay the District’s outstanding Revenue Certificates of Participation, Series 2009A (the “**2009A Certificates**”) which securitized the 2009 Installment Payments, and (ii) pay the costs of issuing the 2017 Bonds. See “FINANCING PLAN.”

Rate Covenant. Under the Indenture, the District is obligated to fix, prescribe, revise, and collect charges for the Water System during each Fiscal Year that are sufficient to yield Net Revenues of at least 115% of Debt Service for such Fiscal Year, which includes debt service on the 2017 Bonds, the 2012 Installment Payments and any other Parity Debt in that Fiscal Year. See “SECURITY FOR THE 2017 BONDS – Rate Covenants.”

No Reserve Fund. The District will not fund a debt service reserve fund for the 2017 Bonds.

Risks of Investment. The 2017 Bonds are repayable only from certain money available to the District from the Water System and certain other funds and accounts established under the Indenture to the extent set forth in the Indenture. For a discussion of some of the risks associated with the purchase of the 2017 Bonds, see “BOND OWNERS’ RISKS.”

THE 2017 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, OR LIEN, OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE DISTRICT OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE NET REVENUES OF THE WATER SYSTEM AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE AS AND TO THE EXTENT PROVIDED IN THE INDENTURE.

FINANCING PLAN

The Refunding Plan

The District entered into the 2009 Agreement for the purpose of providing funds to finance certain improvements to the District. The net proceeds of the 2017 Bonds will be used to immediately defease the District's obligations under the 2009 Agreement and to prepay on February 1, 2019 the outstanding principal amount of the 2009A Certificates and the related 2009 Installment Payments along with accrued interest thereon, without premium.

The net proceeds of the 2017 Bonds, together with other funds of the District related to the 2009A Certificates, will be deposited into an escrow fund held by MUFG Union Bank, N.A., as escrow agent (the "**Escrow Agent**"), pursuant to an Escrow Agreement, dated as of _____ 1, 2017, by and between the District and the Escrow Agent, and used for the purposes of defeasing and prepaying all of the outstanding 2009A Certificates and the related 2009 Installment Payments. Amounts so deposited, which will be invested in federal securities, will be verified by Samuel Klein and Company, Certified Public Accountants, New York, New York (the "**Verification Agent**"), to be sufficient to pay the redemption price of all of the outstanding 2009A Certificates and the related 2009 Installment Payments upon their optional redemption on February 1, 2019. See "VERIFICATION OF MATHEMATICAL ACCURACY." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the escrow account, all of the outstanding 2009A Certificates and the related 2009 Installment Payments will be defeased and all obligations thereunder discharged.

The amounts held by the Trustee in the Escrow Fund are pledged solely to the payment of amounts due and payable with respect to all of the outstanding 2009A Certificates and the related 2009 Installment Payments. Funds held by the Escrow Agent in the escrow fund are not available for the payment of debt service on the 2017 Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2017 Bonds are as follows:

Sources:

Principal Amount of Bonds

Plus: Net Original Issue Premium

Plus: Amounts Related to 2009A Certificates

TOTAL SOURCES _____

Uses:

Deposit to Escrow Fund

Deposit to Cost of Issuance Fund⁽¹⁾

Underwriter's Discount

TOTAL USES _____

(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, municipal advisor's fee, printing costs, rating agency fees, verification agent fees, and other expenses of issuing the 2017 Bonds.

THE 2017 BONDS

This section provides summaries of the 2017 Bonds and certain provisions of the Indenture. See APPENDIX A for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A.

Authority for Issuance

The 2017 Bonds are being issued by the District under a Resolution adopted by the Board of Directors of the District (the “**District Board**”) on _____, 2017; Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Bond Law**”); and the Indenture.

General Bond Terms

Bond Terms. The 2017 Bonds will be dated their date of delivery and issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000. The 2017 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

Payments. Interest on the 2017 Bonds will be payable on February 1 and August 1 of each year to maturity, beginning August 1, 2017 (each an “**Interest Payment Date**”).

Interest on the 2017 Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the 2017 Bonds with respect to which written instructions have been filed with the Trustee prior to the applicable Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books.

If there exists a default in payment of interest due on such Interest Payment Date, such interest will be payable on a payment date established by the Trustee to the persons in whose names the 2017 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the 2017 Bonds not less than 15 days preceding such special record date.

Principal of and premium (if any) on any 2017 Bond will be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and premium (if any) on the 2017 Bonds will be payable in lawful money of the United States of America.

However, as long as Cede & Co. is the registered owner of the 2017 Bonds, as described below, payments of the principal of, premium, if any, and interest on the 2017 Bonds will be made directly to DTC, or its nominee, Cede & Co.

Calculation of Interest. The 2017 Bonds will be dated their date of delivery and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding its date of authentication, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and

unless said date of authentication is prior to July 15, 2017, in which event such interest is payable from their date of delivery; provided, however, that if, as of the date of authentication of any 2017 Bond, interest thereon is in default, such 2017 Bond will bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

Record Date. The Indenture defines the “**Record Date**” for the 2017 Bonds as the 15th calendar day of the month immediately preceding an Interest Payment Date.

Book-Entry Only System. The 2017 Bonds will be registered in the name of Cede & Co., as nominee of the Depository Trust Company (“**DTC**”), as the initial securities depository for the 2017 Bonds. Ownership interests in the 2017 Bonds may be purchased in book-entry form only. Purchasers of the 2017 Bonds will not receive physical bonds representing their ownership interests in the 2017 Bonds purchased. Principal and interest payments with respect to the 2017 Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2017 Bonds. See “APPENDIX F – DTC and the Book-Entry Only System.” *So long as the 2017 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the “owners” mean Cede & Co., and not the purchasers or Beneficial Owners of the 2017 Bonds.* See “APPENDIX F – DTC and the Book-Entry Only System.”

Redemption*

Optional Redemption. The 2017 Bonds maturing on or before February 1, 20__, are not subject to optional redemption prior to maturity. The 2017 Bonds maturing on or after February 1, 20__, are subject to redemption prior to their respective maturity dates, at the option of the District, as a whole or in part, as determined by the District, on any date on or after February 1, 20__, from any source of available funds, at a Redemption Price equal to the principal amount of the 2017 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption.

Extraordinary Redemption from Net Proceeds of Insurance or Condemnation. The 2017 Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date, as determined by the District, from Net Proceeds of insurance or eminent domain proceedings, upon the terms and conditions of, and as provided for in the Indenture, at a Redemption Price equal to the principal amount of the 2017 Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2017 Bonds maturing on February 1, _____ are Term Bonds subject to mandatory redemption in whole, or in part by lot, from Sinking Fund Installments made under the Indenture, at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on February 1 in the years as set forth in the following tables:

* Preliminary; subject to change.

Term Bonds Maturing February 1, 20__

Sinking Fund Redemption Date (February 1)	Principal Amount
---	---------------------

\$

(maturity)

If some but not all of the 2017 Bonds that are Term Bonds have been optionally or extraordinarily redeemed by the District, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2017 Bonds that are Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the District, which shall notify the Trustee in writing of such determination.

Notice of Redemption. Unless waived by the Owner of any 2017 Bonds to be redeemed, notice of any redemption of 2017 Bonds will be given, at the expense of the District, by the Trustee by mailing a copy of a redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2017 Bond or 2017 Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice will affect the sufficiency of the proceedings for the redemption of the 2017 Bonds. Any such notice also will be given to the Securities Depositories and the Information Services on the same date that it is given to the Owner of the 2017 Bonds.

However, while the 2017 Bonds are subject to DTC's book-entry system, the Trustee will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2017 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2017 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Indenture.

Rescission of Redemption and Cancellation of Redemption Notice. The District has the right to rescind any optional or extraordinary redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Outstanding Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Consequences of Notice. Notice of redemption having been given as described above, the 2017 Bonds or portions of 2017 Bonds so to be redeemed will, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District defaults in the payment of the Redemption Price) such 2017

Bonds or portions of 2017 Bonds will cease to have interest accrue thereon. Upon surrender of such 2017 Bonds for redemption in accordance with said notice, such 2017 Bonds will be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date will be payable as provided in the Indenture for payment of interest. Upon surrender for any partial redemption of any 2017 Bond, there will be prepared for the Owner a new 2017 Bond or 2017 Bonds of the same maturity in the amount of the unredeemed principal. All 2017 Bonds which have been redeemed will be cancelled and destroyed by the Trustee and will not be redelivered. Neither the failure of any 2017 Bond Owner to receive any notice so mailed nor any defect therein will affect the sufficiency of the proceedings for redemption of any 2017 Bonds nor the cessation of accrual of interest thereon.

Selection of Bonds for Partial Redemption. If only a portion of any 2017 Bond is called for redemption, then upon surrender of such Bond redeemed in part only, the District will execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Manner of Redemption. Whenever any 2017 Bonds are to be selected for redemption, the Trustee will determine, by lot, the numbers of the 2017 Bonds to be redeemed, and will notify the District thereof.

Registration, Transfer and Exchange

Bond Registration Books. The Trustee will keep or cause to be kept at its trust office sufficient Bond Registration Books for the registration and transfer of the 2017 Bonds, which will at all times during regular business hours, and upon reasonable notice, be open to inspection by the District; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the Indenture.

Transfer of 2017 Bonds. Any 2017 Bond may, in accordance with its terms, be transferred upon the Bond Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2017 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

Whenever any 2017 Bond is surrendered for transfer, the District will execute and the Trustee will thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. No 2017 Bonds the notice of redemption of which has been mailed pursuant to the Indenture will be subject to transfer under this provision of the Indenture.

Exchange of 2017 Bonds. 2017 Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee, for 2017 Bonds of the same tenor and maturity and of other authorized denominations. No 2017 Bonds the notice of redemption of which has been mailed pursuant to the Indenture will be subject to exchange under this provision of the Indenture.

DEBT SERVICE SCHEDULE

Annual debt service on the 2017 Bonds and 2012 Installment Payments is presented below, assuming no optional redemptions or prepayments.

Period Ending February 1	2017 Bonds Principal	2017 Bonds Interest	Total 2017 Bonds Debt Service	Total 2012 Installment Payments ⁽¹⁾	Total 2017 Bonds and 2012 Installment Payments
-----------------------------	-------------------------	------------------------	----------------------------------	--	--

Total: _____

(1) Represents the District's installment payments payable in connection with the 2012A Bonds.

SECURITY FOR THE 2017 BONDS

This section provides summaries of the security for the 2017 Bonds, and certain provisions of the Indenture. See APPENDIX A for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX A. As used in this Section, unless the context otherwise requires, "Bonds" means, collectively, the 2017 Bonds and any Parity Debt issued and at any time Outstanding under the Indenture.

General

Pledge of Revenues. Under the Indenture, all Revenues and all amounts on deposit in the Revenue Fund are irrevocably pledged to the payment of the Bonds as provided in the Indenture and the Revenues shall not be used for any other purpose while any of the Bonds remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted in the Indenture. This pledge shall constitute a first and exclusive lien on Revenues, the Revenue Fund and the other funds and accounts created hereunder for the payment of the 2017 Bonds and all other Parity Debt and Bonds in accordance with the terms thereof.

Limited Obligation of the District. Notwithstanding anything in the Indenture contained, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants contained therein (except to the extent any such covenants are expressly payable thereunder from the Revenues). The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the District for such purpose without incurring indebtedness.

Revenues. The Indenture defines "Revenues" as all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing:

- (1) all income, rents, rates, fees, charges or other moneys derived by the District from the sale, furnishing and supply of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System,
- (2) the proceeds of any stand-by or water availability charges, development fees and connection charges collected by the District,
- (3) all amounts received as the District's share of Placer County and Sacramento County levy of the 1% property tax, and
- (4) the earnings on and income derived from the investment of amounts described in clauses (1) and (2) above and from District reserves;

but excluding:

- (x) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and

(y) any proceeds of the taxes or assessments restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued.

Net Revenues. The Indenture defines “**Net Revenues**” to mean, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

Operation and Maintenance Costs. The Indenture defines “**Operation and Maintenance Costs**” as (1) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, including, but not limited to, salaries and wages of employees, payments for normal costs to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Bonds or of the Indenture or any Parity Debt Instrument or of any resolution or indenture authorizing the issuance of any Parity Debt or of such Parity Debt, and (2) costs spent or incurred in the purchase of water, including, but not limited to, water purchased under the Water Contract; but excluding in all cases (y) depreciation, replacement and obsolescence charges or reserves therefor and (z) amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges.

Allocation of Revenues

In order to carry out and effectuate the pledge and lien contained in the Indenture, the District covenants and agrees that all Revenues shall be received by the District in trust thereunder and shall be deposited when and as received in a special fund designated as the “Revenue Fund,” which fund the District previously established and which the District agrees and covenants to maintain and hold separate and apart from other funds so long as any Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in the Indenture and any Parity Debt Instrument.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund shall be set aside by the District at the following times and in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the following purposes:

Debt Service Funds. On or before each Interest Payment Date, the District shall transfer from the Revenue Fund to the Trustee for deposit in the Debt Service Fund (i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding 2017 Bonds on the next succeeding Interest Payment Date, plus (ii) if the applicable Interest Payment Date is also a Principal Payment Date, an amount equal to the aggregate amount of principal (including any Sinking Fund Installments) becoming due and payable on all Outstanding 2017

Bonds on the next succeeding Principal Payment Date. The District shall also cause to be transferred from the Revenue Fund to the Trustee (or other party as appropriate relative to each Parity Debt) for deposit in the debt service fund created for each issue of Parity Debt (or if no debt service fund was created for an issue of Parity Debt, otherwise set-aside for the payment of Parity Debt) (i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding Parity Debt on the next succeeding Interest Payment Date (or, as to Parity Debt with annual interest payments, for a 6-month period), plus (ii) if the applicable Interest Payment Date is also a Principal Payment Date, an amount equal to the aggregate amount of principal (including any Sinking Fund Installments) becoming due and payable on all Outstanding Parity Debt on the next succeeding Principal Payment Date (or, as to Parity Debt with annual principal payments, one-half of the annual principal payment amount).

All interest earnings and profits or losses on the investment of amounts in the Debt Service Fund shall be deposited in or charged to the Debt Service Fund and applied to the purposes thereof. No transfer and deposit need be made into the Debt Service Fund if the amount contained therein, taking into account investment earnings and profits, is at least equal to the Interest Requirement or principal to become due on the next Interest Payment Date or Principal Payment Date upon all Outstanding 2017 Bonds and Parity Debt.

Reserve Funds. After making the payments, allocations and transfers provided for above in this Section, if the balance on hand in the Reserve Fund for the 2017 Bonds or a reserve account for any issue of Parity Debt is less than the Reserve Requirement or the reserve requirement applicable to such Parity Debt, such deficiency (or payment due to the provider of a reserve policy or surety) shall be restored by transfers from the first moneys which become available in the Revenue Fund to the appropriate party to replenish the Reserve Fund, repay the provider of a reserve policy or surety, or to satisfy a reserve requirement established for any issue of Parity Debt, on a pro rata basis, without any discrimination or preference.

Surplus. As long as all of the foregoing payments, allocations and transfers are made at the times and in the manner set forth above in this Section, any moneys remaining in the Revenue Fund may at any time be treated as surplus and applied for any lawful purpose.

Deficiency. If amounts in the Revenue Fund are insufficient to make the transfers described in the first three items above, in full, the District shall transfer amounts in the Revenue Fund: (i) to the Trustee for deposit in the Debt Service Fund for the Outstanding 2017 Bonds, and (ii) to the Trustee (or other party as appropriate relative to each Parity Debt) for deposit in the debt service funds created (or other location set forth in a Parity Debt Instrument) for each issue of Parity Debt, on a pro rata basis, without any discrimination or preference. Such deficiency shall be corrected by transfers from the first moneys which become available as Net Revenues, on a pro rata basis, without any discrimination or preference.

Application of Debt Service Fund

The Trustee shall withdraw from the Debt Service Fund, prior to each Interest Payment Date, an amount equal to the Interest Requirement payable on such Interest Payment Date, and shall cause the same to be applied to the payment of said interest when due and is hereby authorized to apply the same to the payment of such interest.

The Trustee shall withdraw from the Debt Service Fund, prior to each Principal Payment Date, an amount equal to the principal amount due on said Principal Payment Date (including

any Sinking Fund Installments due and payable on said Principal Payment Date), and shall cause the same to be applied to the payment of such principal.

All withdrawals and transfers under the foregoing provisions shall be made not earlier than one (1) day prior to the Interest Payment Date or Principal Payment Date to which they relate, and the amount so withdrawn or transferred shall, for the purposes of this Indenture, be deemed to remain in and be part of the appropriate fund or account until such Interest Payment Date or Principal Payment Date.

Rate Stabilization Fund

The District has the right at any time to establish a rate stabilization fund (the “**Rate Stabilization Fund**”) to be held by it and administered in accordance with the Indenture, for the purpose of stabilizing the rates and charges imposed by the District with respect to the Water System. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Bonds and any Parity Debt, as the District may determine.

The District may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Revenue Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Revenue Fund shall constitute Revenues for such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Revenue Fund. Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Bonds or any Parity Debt. All interest or other earnings on deposits in a Rate Stabilization Fund shall be withdrawn therefrom at least annually and accounted for as Revenues in the Revenue Fund. The District has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

No Reserve Fund

The District will not fund a debt service reserve fund for the 2017 Bonds.

Rate Covenants

The District shall, to the maximum extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to 115% of Debt Service for such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the foregoing requirement.

For the purpose of computing the amount of Water Revenues for any Fiscal Year or the amount of Net Revenues for any Fiscal Year for purposes of the preceding paragraph, the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund for purposes of such computation (except that amounts that were transferred into the Rate Stabilization Fund from Revenues received by the District in such Fiscal Year shall not be

double-counted), and such transfers may be made until (but not after) 120 days after the end of such Fiscal Year.

Parity Debt

Existing Parity Obligations. The 2017 Bonds are secured by and payable from Net Revenues on a parity with 2012 Installment Payments as described herein.

Future Parity Obligations. In addition to the 2017 Bonds, the District may at any time execute or issue any Bonds or other Parity Debt, as the case may be, in accordance with the Indenture, if the following conditions are met:

(1) The Net Revenues for any consecutive 12 calendar month period during the 18 calendar month period preceding the date of adopting by the Board of the resolution authorizing the issuance or execution of such Bonds or other Parity Debt, as the case may be, shall have produced a sum equal to at least 115% of the Debt Service for such 12-month period; and

(2) The Net Revenues for any consecutive 12 calendar month period during the 18 calendar month period preceding the date of the execution of such Parity Debt or the date of adoption by the Board of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such 12-month period to increases or decreases in rates and charges for water service approved and in effect as of the date of calculation, shall have produced a sum equal to at least 115% of the Debt Service for such 12-month period plus the Debt Service which would have accrued on any Parity Debt or Bonds executed or issued since the end of such 12-month period assuming such Parity Debt had been executed or Bonds had been issued at the beginning of such 12-month period plus the Debt Service which would have accrued had such Parity Debt been executed or Bonds been issued at the beginning of such 12-month period; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project to be financed from proceeds of such Parity Debt or Bonds, as evidenced by a certificate of the General Manager on file with the District, including (after giving effect to the completion of all such uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for water service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the General Manger on file with the District, shall produce a sum equal to at least 115% of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Parity Debt and issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects within such Fiscal Years, assuming that all such Parity Debt and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Debt last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Projects.

Notwithstanding the foregoing, Bonds issued or Parity Debt executed to refund Bonds or Parity Debt may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Parity Debt is executed is not greater than Debt Service would have been in each such Fiscal Year prior to the

issuance of such Bonds or execution of such Parity Debt. For the definition of “Debt Service,” see APPENDIX A.

Casualty Insurance; Net Proceeds of Insurance

The District covenants that it shall at all times maintain such insurance on the Water 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.

Any such insurance shall be in the form of policies or contracts for insurance with Insurers or a shared risk pool of good standing and shall be payable to the District, or may be in the form of self-insurance by the District. The District shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the redemption in part of 2017 Bonds as provided in the Indenture and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt in the same proportion which the aggregate unpaid principal balance of 2017 Bonds then bears to the aggregate unpaid principal amount of such Parity Debt. If such Net Proceeds are sufficient to enable the District to retire all of the 2017 Bonds prior to the final due date of the 2017 Bonds as well as the entire amount of Parity Debt then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the redemption of the 2017 Bonds and to the retirement of such Parity Debt.

Net Proceeds of Eminent Domain

If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

If (1) the District files with the Trustee a certificate showing (A) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (B) a general description of the additions, betterments, extensions or improvements to the Water System proposed to be acquired and constructed by the District from such Net Proceeds, and (C) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive),

then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the extraordinary redemption of the 2017 Bonds as provided in Indenture and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt in the same proportion which the aggregate unpaid principal balance of 2017 Bonds then bears to the aggregate unpaid principal amount of such Parity Debt.

THE SAN JUAN WATER DISTRICT

General

The District is located in northeast Sacramento County and southeast Placer County approximately 20 miles northeast of downtown Sacramento, The District includes within its boundaries the City of Citrus Heights, the unincorporated communities of Fair Oaks and Orangevale, small portions of the City of Folsom and the City of Roseville and a portion of the unincorporated community of Granite Bay.

The District was formed in 1954 as a community services district under the Community Services District Law, Title 6, Division 3, Sections 61000 and following of the California Government Code, to act as a wholesaler of American River water to the Contractors (as such term is defined under the caption “THE WHOLESALE WATER SYSTEM OF SAN JUAN – The Wholesale Water System”) and to serve retail customers not located within the boundaries of the Contractors. Land within the service area of the District has a current population of approximately 152,000, approximately 29,600 of whom reside within the Retail Service Area of the District, with the remaining population living in the retail service areas of the Contractors. These population numbers are based on the District’s 2015 Urban Water Management Plan, which includes a new calculation methodology from the Department of Water Resources.

The District currently provides retail water service to approximately 10,600 residential and commercial connections in a portion of Sacramento County and the Granite Bay area of south Placer County. The District wholesales treated water to the Contractors who in turn provide retail water service to approximately 40,075 residential and commercial connections within the District’s boundaries, in portions of Sacramento and Placer Counties. The District maintains separate records of accounts for financing, construction and operations of the District retail water system and the District’s wholesale water activities. The District also provides water treatment and delivery services to Sacramento Suburban Water District (“**Sacramento Suburban**”) on an “as needed”, and “as capacity is available” basis.

The District normally obtains all of its water from the north fork of the American River, which is delivered by the United States Bureau of Reclamation (“**Bureau**”) via Folsom Dam. The District also has contracts to obtain water through Folsom Dam from the Bureau and the Placer County Water Agency (“**Placer**”). In addition, the District has purchased water from other sources from time to time and may participate in short- and long-term water transfers in the future. See the caption “WATER SUPPLY OF SAN JUAN.”

The District has both retail and wholesale operations. Thus, in this Official Statement, information is provided separately for the District’s retail and wholesale divisions. However, the District maintains a single Revenue Fund from which debt service on the 2017 Bonds and Parity Debt is payable.

Governance and Management

Board of Directors. The District is governed by a 5-member District Board of Directors, the members of which are elected by the registered voters in the District to staggered 4-year terms. The current District Board members, the expiration dates of their terms and their occupations are set forth below.

Board of Directors	Expiration of Term	Occupation
Kenneth Miller, President	2020	Utility Manager - Retired
Bob Walters, Vice President	2018	Attorney - Retired
Edward J. “Ted” Costa	2018	Farmer/Taxpayers Advocate
Dan Rich	2018	Water Resources Engineer
Pamela Tobin	2020	Realtor

General Manager. Day-to-day management of the District is delegated to the General Manager, Paul Helliker. Mr. Helliker joined the District on March 6, 2017, replacing Shauna Lorange, who had served as General Manager for 13 years. Mr. Helliker is a California registered civil engineer who has spent his entire career in the environmental management field, and the last 22 years in water management specifically: as General Manager of the Humboldt Bay Municipal Water District; as a Deputy Director of the California Department of Water Resources; and as General Manager of the Marin Municipal Water District. Paul also served for many years on the Board of the Association of California Water Agencies, and is currently one of the leaders of a coalition of over 100 public water agencies, including the District, that is engaging with the State in response to ongoing and proposed conservation mandates. Mr. Helliker is a graduate of Stanford University, where he received two Bachelor degrees (Philosophy and Civil Engineering), as well as a Master of Science, with Honors in Environmental Engineering.

Director of Finance. Day-to-day responsibility for managing the financial functions of the District are delegated to the Director of Finance, Donna Silva, CPA. Ms. Silva has worked for the District in this role since August of 2015. Ms. Silva graduated from the University of California, Santa Barbara with a degree in Business Economics. A licensed Certified Public Accountant, she has served as a local government Finance Director/Chief Financial Officer for the past 13 years, (San Juan Water District, City of Rancho Cordova and City of Rio Vista) after six years performing independent audits of government agencies, non-profit and for-profit entities.

Employees and Employee Benefits

Employees. The District currently employs 47 persons, of whom 15 work in field operations, 11 work in the water treatment department, 4 work in the engineering department, 4 work in the conservation department, 3 work in customer service and 10 work in administration. None of the employees of the District are presently represented by a union. The District has not for the last 37 years experienced any strike or other labor actions.

Insurance Benefits. Full time, regular and probationary employees are eligible for the District's group insurance programs. The group insurance programs include medical, dental, vision, life, accidental death, employee assistance and short-term and long-term disability coverage. The District also offers its employees a deferred compensation plan created according to Internal Revenue Code Section 457 and a Flexible Spending Account Program under Internal Revenue Code Section 125. The District maintains mandatory workers' compensation insurance coverage, the current carrier being the Association of California Water Agencies/Joint Powers Insurance Authority, a pooled non-capitalized self-insurance pool ("**ACWA/JPIA**").

Pension Benefits. The District is a member of the California Public Employees Retirement System ("**PERS**"), a cost-sharing, multiple employer pension system which provides a contributory defined-benefit pension plan for the District's employees. Required employer and employee contributions are determined from rates established by PERS based upon various actuarial assumptions. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and contract with employee bargaining groups. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Participants are required to contribute 8% to Tier 1, 8% to Tier 2 and 6.25% to Tier 3 of their annual covered salary. The District Board selected the Tier 1 and 2 plans, but the Tier 3 plan was made mandatory for new members under the Public Employees' Pension Reform Act ("**PEPRA**") enacted in 2013. For the employer's portion, the District is required to contribute at an actuarially determined rate; for the fiscal year ending June 30, 2017, the District is contributing at a rate of 12.698% for Tier 1 employees, 12.036% for Tier 2 employees, and 6.533% for PEPRA employees. For the fiscal year ending June 30, 2016 contributions to the pension system totaled \$730,360. The contribution requirements of plan members and the District are established and may be amended by PERS.

The District has historically contributed 100% of its required contributions to PERS and has budgeted to make 100% of its required contributions for Fiscal Year 2017-18. For additional details on the District's pension plans, see Note 12 to the District's audited financial statements included in this Official Statement as APPENDIX B.

Other Post-Employment Benefits (OPEB). In addition to providing pension benefits, the District currently provides certain health care benefits for retired employees, through PERS. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. As of June 30, 2016, there were 40 retirees/dependents and 42 active plan participants. Expenses of approximately \$485,000 in Fiscal Year 2015-16 were recognized for post-retirement health care for the respective years ended.

The District pays a percentage of the post-employment health care benefits for retirees, their spouses, and their dependents based during the life of the retiree on the retirees tier. Surviving spouses and eligible dependents of retirees may elect to continue health care benefits with the same District contribution towards the expense. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while

working for the District. The contribution requirements of the District are established and may be amended by the District's Board. Plan members are currently not required to contribute.

The year ended June 30, 2011 was the initial year for this OPEB plan. The annual required contribution was \$484,738, as determined by an actuarial valuation performed at March 26, 2014. The end of the year net OPEB obligation is determined as follows:

	<u>As of June 30, 2016</u>
Annual OPEB Cost	\$484,673
Contributions Made	(812,451)
Increase in Net OPEB Obligation	(327,778)
Net OPEB Obligation, Beginning of Year	<u>634,843</u>
Net OPEB Obligation, End of Year	\$307,065

The District's annual OPEB cost, percentage of OPEB cost contributed, and net post-employment benefit obligation for the plan for the current fiscal year ended June 30, 2016 is as follows:

Actuarial Valuation Date	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$542,461	43%	\$108,175
June 30, 2014	394,987	67	238,965
June 30, 2015	475,891	17	634,843
June 30, 2016	484,673	168	307,065

Budget Process

Prior to June 1 of each year, the Director of Finance submits a proposed budget to the District Board for the Fiscal Year commencing the following July 1. The District Board generally conducts public workshops to obtain comments from residents and ratepayers. Subsequent to the public workshops, the District Board generally approves the budget prior to July 1, but is legally required to adopt a budget by September 1. The District Board adopted its Fiscal Year 2016-17 Wholesale and Retail Operating Budgets for the Wholesale Water System and the Retail Water System on August 10, 2016.

Insurance

The District obtains insurance for property damage, general and auto liability, public officials' liability property damage and fidelity insurance through ACWA/JPIA. ACWA/JPIA provides insurance through a shared risk pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. ACWA/JPIA may be terminated at any time by written consent of three-fourths of voting members at which time the members may be required to pay their share of any additional amount of premium in accordance with loss allocation formulas for final disposition of all claims and losses covered by the joint powers agreement. The ACWA/JPIA's financial statements are available at 2100 Professional Drive, Roseville, CA 95661-3700 or by mail at P.O. Box 619082, Roseville, CA 95661-9082.

In general, the District's coverage includes replacement cost with a pooled self-insurance limit of \$1,000,000 per occurrence on all risks excluding earthquake and flood, with excess insurance coverage up to \$100,000,000 per occurrence with a \$10,000 deductible and for comprehensive general liability through the JPIA with a pooled self-insurance limit of \$1,000,000 per occurrence with excess insurance coverage of \$60,000,000 per occurrence in any policy year with a \$10,000 deductible.

The District is insured for automobile liability through the ACWA/JPIA with a pooled self-insurance limit of \$1,000,000 per occurrence with excess insurance coverage of \$60,000,000 per occurrence in any policy year. The District also maintains worker's compensation insurance with the JPIA for coverage to the statutory limit. The District also maintains an errors and omissions policy with the JPIA with a limit of \$60,000,000 per occurrence. For additional details, see Note 13 to the District's most recent audited financial statement, attached hereto as Appendix A.

Property Tax Revenues

General. A portion of the District's operating revenues are received from property taxes collected by the Counties of Sacramento and Placer (collectively, the "Counties"). The Counties levy a 1% ad valorem property tax on behalf of all eligible taxing agencies in the Counties, including the District. The taxes collected are allocated to eligible taxing agencies within the Counties, including the District, on the basis of a formula established by State law enacted in 1979. Under this formula, the Counties and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership and inflation) prorated among the jurisdictions, which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than countywide or less than city-wide special districts.

For Fiscal Year 2016-17, the allocation received by the District (which constitutes "Property Tax Revenues") is estimated to be \$2,090,000 compared to \$1,908,136 in Fiscal year 2015-16. Property Tax Revenues as a percentage of the total Revenues averaged 8.4% over the last five years.

There can be no assurance that the Property Tax Revenues that the District currently expects to receive will not be temporarily or permanently shifted from the District pursuant to State legislation enacted in the future. If the property tax formula is changed for future fiscal year, it could have a material adverse effect on the receipt of Property Tax Revenues by the District. See the caption "SECURITY FOR THE 2017 BONDS – Limited Obligations" for a discussion of the extent to which Property Tax Revenues are available to make District Installment Payments.

Assessed Valuations, Tax Collections and Tax Delinquencies. The following tables show the secured assessed valuation, tax collections and rate of tax collections within the Counties and the amount received by the District of the 1% property tax during the five most recent fiscal years. As a result of the implementation of the tax distribution system commonly referred to as the "Teeter Plan" by the Counties and the participation by the District, the District receives 100% of its share of the Counties' 1% property tax levies without regard to delinquencies. There can be no assurance that the Teeter Plan or the participation of the District therein will be continued indefinitely.

Table 1
San Juan Water District
Secured Assessed Valuation and Tax Collection Record
Most Recent Five Fiscal Years
(In Thousands of Dollars)

Fiscal Year	Total Assessed Value	Total Direct Tax Rate	District Allocation of Tax Revenues
2011-12	\$15,611,594	0.010%	\$1,561
2012-13	15,222,208	0.011	1,606
2013-14	15,658,142	0.011	1,678
2014-15	16,637,422	0.011	1,798
2015-16	17,478,443	0.011	1,908

Source: County of Sacramento Auditor-Controller and County of Placer Auditor-Controller for Total Assessed Value and Total Direct Tax Rate; California Municipal Statistics, Inc. for District Allocations of Tax Revenues.

Outstanding Revenue Obligations of the District

2012 Revenue Refunding Bonds. In connection with the execution and delivery of its \$15,195,000 San Juan Water District Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A and \$705,000 San Juan Water District Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012B (Taxable), the District entered into the 2012 Agreement. The 2012 Agreement is secured by Revenues and payable from Net Revenues on a parity with payment of the 2017 Bonds. A portion of the 2012A Bonds are secured by an installment purchase agreement entered into by the Citrus Heights Water District, and are not obligations of the District.

2009 Certificates of Participation. In connection with the execution and delivery of its \$30,510,000 San Juan Water District Revenue Certificates of Participation, Series 2009A, the District entered into the 2009A Installment Purchase Agreement for the purposes of financing certain capital improvements to the retail and wholesale water systems of the District, funding a reserve fund, and paying certain costs of delivery. *The 2009A Installment Purchase Agreement is expected to be refunded in full in connection with the issuance of the 2017 Bonds.*

WATER SUPPLY OF SAN JUAN

Water Supply

The District normally obtains all of its water from the north fork of the American River, which is delivered by the United States Bureau of Reclamation (“**Bureau**”) via Folsom Dam. The District possesses both pre-1914 (1853 priority) and post-1914 (1928 priority) water rights; originally held by the North Fork Ditch Company, to which the District succeeded in 1954. These rights entitle the District to divert and use approximately 33,000 acre-feet per year.

An additional source of American River water is furnished to the District by the Bureau under its permits for the Central Valley Project (“**CVP**”) pursuant to a Contract Providing for Water Service between the Bureau and the District, dated as of March 1, 2005 (the “**2005 CVP Contract**”). The 2005 CVP Contract expires in 2045, but is subject to successive 40-year renewals at the option of the District. Under the 2005 CVP Contract, the Bureau has agreed to

furnish a total of 24,200 acre feet of CVP water to the District through Folsom Dam to the extent that water and facilities are available, and subject to the terms and conditions of the 2005 CVP Contract. Cost of water to the District pursuant to the 2005 CVP Contract is approximately \$33 per acre foot plus \$20 per acre foot for restoration charges. See the caption “-Factors Affecting Water Supply - Long-Term Renewal of CVP Contract.”

Amendments to federal law related to improvements to the CVP will affect operation of the CVP and may reduce the amount of water delivered to the District under the 2005 CVP Contract, any renewal contract of the 2005 CVP Contract and any additional water supply contracts. The District is also subject to the CVP M&I Shortage Policy (which is available from the Bureau), which may reduce availability of CVP supplies in drier years. The District does not expect any such reductions would have a material adverse effect upon its ability to pay debt service on the 2017 Bonds.

In addition, the District has entered into a Contract for Water Supply between Placer and the District, dated July 25, 1972, as amended (the “**Placer Contract**”), pursuant to which Placer has agreed to provide the District with up to 25,000 acre feet of water per annum. Under the Placer Contract, Placer has agreed to provide water to the District for use within Placer County on a permanent basis during the contract’s term, and within Sacramento County until such time as Placer County has a need. The existing contract also requires the District to pay for the entire 25,000 acre feet unless it is a drought year, regardless of the amount actually used. Water under the Placer Contract is diverted from the Folsom Reservoir for delivery to the District under a long-term Warren Act contract between the District and the Bureau. The Placer Contract extends through the year 2021. Recently the contract was amended to exclude the requirement that all water purchased through the Placer Contract be used in Placer County.

The District has also from time to time purchased other water on a short-term basis for use within the retail service territory of the District and to provide water to the Contractors.

Historic Water Supply

Set forth below is a summary of the sources of water used by the District for the last five fiscal years.

**Table 2A
San Juan Water District
Historic Water Supply Available
(In acre feet per year)**

Fiscal Year	Water Rights⁽¹⁾	2005 CVP Contract⁽²⁾	Placer Contract	Total
2015-16	33,000	24,200	25,000	82,200
2014-15	33,000	399	25,000	82,200
2013-14	33,000	797	25,000	82,200
2012-13	33,000	1,195	25,000	82,200
2011-12	33,000	24,200	25,000	82,200

(1) The District’s 33,000 acre feet of water rights supplies delivered by the Bureau is per each calendar year.
 (2) In Fiscal Years 2012-13 through 2014-15, the amount of water provided to the District from the Central Valley Project (along with other recipients of Central Valley Project water) was substantially curtailed, as shown.

Source: San Juan Water District.

Table 2B
San Juan Water District
Historic Water Supply Delivered
(In acre feet per year)

Fiscal Year	Water Rights	2005 CVP Contract	Placer Contract	Total
2015-16	25,226	1,230	3,594	30,050
2014-15	29,372	0	0	29,372
2013-14	30,952	0	10,374	41,326
2012-13	34,961	3,048 ⁽¹⁾	11,326	49,335
2011-12	34,912	555	8,841	44,308

(1) For Fiscal Year 2012-13, the District obtained more water from the Central Valley Project than its entitlement, thereby reducing future allocations by such excess amount.

Source: District Water Treatment Flow Summary Report.

Treatment Plant

The Sidney N. Peterson Water Treatment Plant (the “**Treatment Plant**”) was constructed in 1979, with additional improvements made in 1983 and 2003 through 2011. In 2015 improvements began to the Flocculation/Sedimentation basin, which should be completed in 2017. The initial rated capacity of the Treatment Plant was 120 million gallons per day (“**mgd**”), but the improvements have increased the reliable capacity to approximately 130 mgd, with peaking capacity of 150 mgd to meet short-term demands. The Treatment Plant is a full-feature conventional treatment plant, including facilities for coagulation, flocculation, disinfection, sedimentation, filtration (dual media rapid sand), and corrosion control. After treatment, water is stored in a 62 million gallon in-ground lined covered reservoir prior to delivery. The District also operates an in-plant booster pumping station that can be used to supply the WTP process. The Treatment Plant conforms to all applicable current State and Federal regulations regarding both plant design and water quality criteria.

Factors Affecting Water Supply

Long-Term Renewal of CVP Contract. In 2006, the District’s long-term 2005 CVP Contract was executed for the 40-year period from March 1, 2005 through February 28, 2045. As noted above, the 2005 CVP Contract provides for successive renewal periods of 40 years each at the request of the District.

Bay-Delta Water Quality. The Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (Bay-Delta) is a critical element of the State’s water supply system, as well as an ecologically important water body. The State Water Project and the federal Central Valley Project (CVP) are operationally constrained by, among other regulatory requirements, the Clean Water Act and the Endangered Species Act, with specific compliance criteria within the Bay-Delta. As part of the CVP, Folsom Reservoir, the source of San Juan’s water supplies, can be affected by operations of the broader CVP, particularly those required to satisfy regulatory mandates applicable to the Bay-Delta system and upstream on the Sacramento River. San Juan and other similarly situated American River diverters work diligently to insulate their supplies from such regulatory mandates imposed upon the CVP. The primary issue is preserving storage levels in Folsom Reservoir to ensure continuous delivery capability of San

Juan’s supplies. Working as part of the American River diverter coalition within various regulatory and policy forums, San Juan does not expect its future access to water supplies to be materially affected.

THE RETAIL WATER SYSTEM OF SAN JUAN

The District has both retail and wholesale operations. Thus, in this Official Statement, information is provided separately for the District’s retail and wholesale divisions. However, the District maintains a single enterprise fund from which debt service on the 2017 Bonds and Parity Debt is payable.

The Retail Water System

The retail operation of the District consists of storage, pumping, transmission and distribution facilities (the “Retail Water System”). The Retail Water System delivers water to approximately 10,600 retail service connections located in the Retail Service Area. The Retail Service Area includes approximately 10,961 acres, including the unincorporated community of Granite Bay, small portions of the Cities of Folsom and Roseville and portions of the unincorporated community of Orangevale. The current population within the Retail Service Area is approximately 30,600. The District is the sole provider of water service to water users within the Retail Service Area, except for a small number of users who own wells.

The Retail Water System includes over 200 miles of pipelines ranging in size from 1 inches to 33 inches in diameter and providing water for residential, commercial and agricultural use. The District does not currently operate any wells. The District’s Retail system operates six booster pumping stations, which supply seven separate Retail pressure zones. One of these pump stations also supplies water to a Wholesale pressure zone. There are a total of eight Retail pressure zones in the District’s Retail service area, of which one zone is supplied by a gravity piping system with no pumping required. Water sold by the District in the Retail Service Area is treated at the Treatment Plant. The District also maintains an in-ground lined and covered reservoir with a storage capacity of 4.56 million gallons of water and two above-ground tanks with a combined storage capacity of 1.70 million gallons of water, for a total storage capacity of 6.26 million gallons of water.

Historic Retail Water Connections

The following table shows the growth in the number of water connections to the Retail Water System for the five most recent fiscal years.

**Table 3
San Juan Water District
Historic Retail Water Connections**

Fiscal Year Ending June 30	Connections	Percent Increase/(Decrease)
2012	10,401	--
2013	10,433	0.3%
2014	10,500	0.6
2015	10,559	0.6
2016	10,601	0.4

Source: District Customer Service Account Type Totals.

Historic Retail Water Sale Revenues

The following table shows annual water sale revenues from retail water sales in the Retail Service Area for the five most recent fiscal years.

**Table 4
San Juan Water District
Historic Retail Water Sale Revenues**

Fiscal Year Ending June 30	Sale Revenues	Percent Increase/(Decrease)
2012	\$8,090,259	--
2013	8,544,267	5.6%
2014	8,481,583	(0.7)
2015	7,846,437	(7.5) ⁽¹⁾
2016	8,255,437	5.2

(1) Decrease in 2015 resulted from decreased water usage due to drought.
Source: District Annual Financial Reports.

Largest Customers

The following table sets forth the ten largest customers (by industry) in the Retail Service Area as of June 30, 2016 as determined by annual revenue.

**Table 5
San Juan Water District
Ten Largest Retail Water Customers**

Customer Industry/Type	Annual Revenue	Percentage of Total Retail Revenue
School District	\$22,420	0.27%
School District	17,347	0.21
School District	15,875	0.19
Home Development/Golf Course	14,646	0.18
Landscaping Company	11,718	0.14
Business Park	11,644	0.14
Mobile Home Park	10,345	0.13
School District	9,787	0.12
Municipality	9,444	0.11
Church	8,930	0.11
Top Ten Total	\$132,156	1.60%

Source: District Customer Service Department CIS Largest Retail Water Customers.

As shown in the table above, the top ten largest customers accounted for approximately 1.60% of total retail revenues of the District for the Fiscal Year ending June 30, 2016.

Retail Water System Rates and Charges

General. The District's rates and charges for retail water service in the Retail Service Area are set by the District Board and are not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The staff of the District annually determines the adequacy of the water charge structure for its retail water service in the Retail Service Area after full consideration of expected operations, maintenance and capital costs of the Retail Water System. The District has complied with the notice, hearing and protest procedures under Article XIID of the State Constitution with respect to water rate increases. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Proposition 218." The District Board currently sets water charges to pay the costs of water purchases and to recover operating expenses for the Retail Water System. Capital improvements and debt service payments for the Retail Water System are funded from a combination of water charges, capital facilities fees, connection fees and property tax revenues.

Retail Water Service Charges. Rates and charges to the customers are set by the District Board. The retail water rates of the District consist of a uniform commodity rate of \$0.92 for each CCF of water used by the customer and a fixed daily base charge. The volumetric charge of \$0.92 does not include the 10% drought surcharge, which went into effect on June 1, 2015 and applied to the volumetric portion of the rate. The surcharge was eliminated as of April 1, 2016.

As of January 1, 2016, the following daily base charges were in effect for retail customers:

Table 6
San Juan Water District
Retail Water Rates (Daily Base Charges)
(As of January 1, 2016)

Daily Base Charges	Rate
Up to 1" meter	\$1.24
1 1/2" meter	3.31
2" meter	5.28
3" meter	10.50
4" meter	16.36
6" meter	32.73
8" meter	58.83

Source: District Retail Financial Plan and Water Rate Update Study January 26, 2017.

Recent Increase in Retail Water Service Charges. In accordance with its most recent rate schedule that was adopted by the District Board on April 12, 2017, in Resolution No. 17-10, the fixed daily base charge for retail customers will increase over the next five years by approximately 8% in May 2017, 9% in January 2018, 8% in January 2019, 8% in January 2020 and 6% in 2021. All such rate increases were adopted in accordance with, and subject to, the notice, hearing and protest procedures described under the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES-Proposition 218." There will be no change to the uniform commodity rate of \$0.92 for each CCF of water used. The retail rate increases adopted by the District Board on April 12, 2017 were based on a Retail Financial Plan and Water Rate Update Study prepared by The Reed Group, Inc., dated January 26, 2017, and are shown in the following table.

Table 7
San Juan Water District
Projected Retail Water Rates Through January 2021
(As Adopted on April 12, 2017)

	Current	May 2017	Jan. 2018	Jan. 2019	Jan. 2020	Jan. 2021
Overall Water Rate Increase --->	--	8%	9%	8%	8%	6%
Daily Base Charges						
Up to 1" meter	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.83	\$ 2.05	\$ 2.23
1 1/2" meter	3.31	3.68	4.22	4.75	5.32	5.78
2" meter	5.28	5.85	6.72	7.56	8.47	9.20
3" meter	10.50	10.90	12.51	14.07	15.76	17.13
4" meter	16.36	18.12	20.80	23.40	26.21	28.48
6" meter	32.73	36.18	41.54	46.73	52.34	56.88
8" meter	58.83	57.85	66.42	74.72	83.68	90.94
Water Usage Charger (\$/CCF)						
All water usage	0.92	0.92	0.92	0.92	0.92	0.92

The table below sets forth a comparison of the District’s annual retail water rates and charges for a single family residential user to those of nearby water purveyors as of January 1, 2017.

**Table 8
San Juan Water District
Comparative Rates**

Community	Total Bi-Monthly Bill⁽¹⁾
Contractors:	
Orange Vale Water Company	\$ 87.98
Fair Oaks Water District	92.10
City of Folsom	99.20
Citrus Heights Water District	131.53
City of Sacramento	131.37
City of Roseville	139.24
San Juan Water District ⁽²⁾	140.40
Carmichael Water District	155.28
Sacramento Suburban Water District	189.90

(1) Assumes 60 ccfs, 1" meter
 (2) Rate effective May 1, 2017. Prior rate was \$129.60
 Source: The Reed Group, Inc.

Connection Fees. The District collects connection fees, which include a wholesale component for each new connection to District facilities in the Retail Service Area. In addition, the District collects an inspection fee of \$460 for each new hook-up to District facilities in the Retail Service Area. Such capital facilities fees, including the inspection fee, range from \$16,113 to \$51,401 (1-inch and 2-inch meter size, respectively) for a single family residence. A 1-inch meter is standard for a single-family residence; however, occasionally a 1.5-inch’ or 2-inch meter is required to meet the customer’s needs. These fees increase with meter size and are indexed to the Western Cities Consumer Price Index.

Collection Procedures

The District is on a bi-monthly billing cycle for retail water service in the Retail Service Area. Meters are read every two months and the District bills its customers for water used during the prior two-month period. Payment is due by the 21st day after the billing date and is considered delinquent if not paid by that date. If payment is not received, a delinquency message appears on a reminder water bill that is mailed 28 days after the bill date. If payment is still not received, a door hanger notice is delivered to the service address 43 days after the bill date to notify the customer that service will be disconnected if payment is not received within 5 days. A \$20 late fee is charged for delivery of such notice. Upon receipt of such notice, nearly all customers pay all delinquent amounts within 5 days, before service is disconnected. If service is disconnected, the customer must pay all delinquent amounts plus a \$70 reconnection fee in order to reconnect. If an after-hours reconnection is required a \$150 fee will apply. Each billing cycle, approximately 15% of the District’s accounts exceed the initial due date, which equates to approximately 3.6% of total monthly revenues to be delinquent.

Future Retail Water System Improvements

The District projects capital improvements to the Retail Water System of approximately \$23.7 million over the next five years, including for two transmission pipelines, replacement of the Kokila Reservoir liner and cover, replacement of survey equipment, vehicle replacements and IT improvements. The District expects that these improvements will be funded from a mix of Net Revenues and a debt issuance in 2019. See Table 16 for additional details on the expected issue of parity debt.

THE WHOLESALE WATER SYSTEM OF SAN JUAN

The District has both retail and wholesale operations. Thus, in this Official Statement, information is provided separately for the District's retail and wholesale divisions. However, the District maintains a single enterprise fund from which debt service on the 2017 Bonds and Parity Debt is payable.

The Wholesale Water System

The District provides wholesale treated water to the Citrus Heights Water District ("**Citrus Heights**"), the Fair Oaks Water District ("**Fair Oaks**"), the City of Folsom ("**Folsom**") and the Orange Vale Water Company ("**Orange Vale**") (collectively, the "**Contractors**") in accordance with the provisions of the Wholesale Water Supply Agreements. See the caption "- The Wholesale Water Supply Agreements." The District delivers treated water to the Contractors through 16.2 miles of 12 to 96 inch pipeline (the "**Wholesale Water System**," and together with the Retail Water System, the "**San Juan Water System**"). Each Contractor has connections with Cooperative Transmission Pipeline, which range from 30 to 72 inches in diameter.

The District also provides wholesale treated water by contract to Sacramento Suburban from water obtained from Placer and treated at the Treatment Plant. Sacramento Suburban is not a Contractor and has not executed a Wholesale Water Supply Agreement.

The Contractors

Descriptions of Citrus Heights, Fair Oaks and Orange Vale are set forth in Appendix G. The information contained in Appendix G has been prepared by each of the respective Contractors. The District takes no responsibility for the accuracy or completeness of such information.

The Wholesale Water Supply Agreements

The District supplies treated water to the Contractors under the terms of water sales contracts (the "**Wholesale Water Supply Agreements**") which are substantially identical agreements originally entered into in 2008, as amended in 2011, or, for Folsom only, in 2007. Pursuant to the Wholesale Water Supply Agreements, the District is obligated to deliver the number of acre feet of treated water requested by the Contractors at a rate determined by the District Board. Rates charged to each of the Contractors pursuant to the Wholesale Water Supply Agreements vary as a result of: (i) differences in actual and anticipated annual water demand; (ii) previously agreed upon allocation of debt service costs; (iii) the number of retail customers served by each Contractor; and (iv) pumping costs, if pumping is required.

Pursuant to the Wholesale Water Supply Agreements, the District bills the Contractors quarterly in advance for the service fee, debt service component and capital contribution. Actual water supplied is billed quarterly in arrears.

Wholesale Treated Water Rates and Charges

Rates and charges to the Contractors are set by the District Board in accordance with the Wholesale Water Supply Agreements and are not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The District staff annually determines the adequacy of the water charge structure for such sales after full consideration of expected operations, maintenance and capital costs. The District bills the Contractors quarterly in advance of service. The first billing is on June 20th and is due July 20th, the second billing is on September 20th and is due October 20th, the third billing is on December 20th and is due January 20th and the fourth billing is on March 20th and is due April 20th.

The wholesale water rates of the District consist of fixed service charges and a variable commodity rate for each acre foot of delivered water. The “effective” wholesale water rate reflects both service charges and the commodity rate as a single rate, expressed on a \$/acre foot basis.

The table below sets forth the current effective wholesale water rates, which includes the water usage, an operating service charge, and debt service per acre foot charged to the Contractors as of January 1, 2017.

**Table 9
San Juan Water District
Current Wholesale Effective Water Rates
(\$/Acre Foot)**

Contractor	Effective Rates As of Jan. 1, 2017
Citrus Heights	\$234.53
Fair Oaks	221.69
Orange Vale	224.53
City of Folsom	356.63

Source: Wholesale Financial Plan and Water Rate Update Study, January 5, 2017.

Historic effective water rates for the Contractors are shown in the following table.

**Table 10
San Juan Water District
Historic Wholesale Effective Water Rates
(\$/Acre Foot)**

Contractor	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Citrus Heights	\$166.23	\$158.29	\$176.50	\$200.83	\$222.94
Fair Oaks	152.34	139.79	163.97	185.39	210.43
Orange Vale	146.08	134.40	149.99	176.56	207.46
City of Folsom	153.13	146.57	161.41	245.83	203.45

Source: District Annual Financial Reports and Water Treatment Flow Summary.

In accordance with its most recently approved 5-year rate structure for wholesale rates, the District anticipates that the effective wholesale water rates for the Contractors will increase by approximately 9% per year through 2021, to recover the costs of operation and maintenance of the Wholesale Water System, as well as capital improvements to the Wholesale Water System. The new wholesale water rates were approved by the District Board on January 11, 2017.

Historic Wholesale Water Supply Deliveries

The following table presents a summary of historic District treated water acre feet per year for the five most recent fiscal years. The figures in the following table vary slightly from the corresponding figures provided by Citrus Heights, Fair Oaks and Orange Vale shown in Appendix G because the figures in the following table are based on meter readings of District meters during the District's fiscal year ending June 30, while the figures in Appendix G are based on meter readings of meters of Citrus Heights, Fair Oaks, and Orange Vale, respectively, during such Contractors' fiscal years ending December 31. The District reports that each of the Contractors makes payments under its respective Wholesale Water Supply Agreement based on the amount shown by the District's meter reading.

Table 11
San Juan Water District
Historic Wholesale Water Supply Deliveries to Contractors
(In Acre Feet Per Year)⁽¹⁾

Fiscal Year	Citrus Heights	Fair Oaks	Orange Vale	City of Folsom	Total
2015-16	9,134	7,137	3,190	963	20,424
2014-15	10,016	7,787	3,671	1,187	22,661
2013-14	12,160	8,766	4,586	1,299	26,811
2012-13	14,526	10,740	5,023	1,507	31,796
2011-12	13,091	10,122	4,506	1,469	29,188

(1) Figures do not include water pumped by the Contractors and delivered by their water systems.
Source: San Juan Water District.

In addition to sales of treated water to the Contractors, the District makes additional sales of treated water to other water purveyors. Pursuant to an agreement (the “**Sacramento Suburban Agreement**”) by and between the District and Sacramento Suburban, Sacramento Suburban has an exclusive right to 59 mgd of District Transmission Pipeline capacity, as well as a right to use surplus capacity in the District’s water treatment plant (the “**Surplus Capacity**”), subject to the prior use of the Retail Water System by the Contractors. Under the Sacramento Suburban Agreement, Sacramento Suburban has the first right to use the Surplus Capacity for delivery of surplus treated water (the “**Surplus Water**”) not needed by the Contractors diverted by the District from Folsom Reservoir under the District’s existing water rights.

District charges to Sacramento Suburban for use of Surplus Capacity to divert, treat and deliver Surplus Water are at the same average wholesale water rate that the District charges to the Contractors, plus a charge to cover the pro rata cost of treating water to be delivered to Sacramento Suburban, to the extent that treatment costs are not included in wholesale water rates. The Surplus Capacity ranges seasonally, with the highest availability in the winter months and the lowest in the summer months. The Sacramento Suburban Agreement contains no express termination date.

The following table presents a summary of historic treated water deliveries to Sacramento Suburban in acre feet per year and annual revenue from such water deliveries for the five most recent fiscal years.

Table 12
San Juan Water District
Historic Treated Water Deliveries to Sacramento Suburban
(Deliveries In Acre Feet Per Year)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Deliveries	11,016	2,673	--	--	4,468
Revenues	\$648,388	\$54,590	--	--	\$604,677

Source: District Annual Financial Reports in Wholesale Water Sales and Water Treatment Flow Summary.

Historic Wholesale Treated Water Sales Revenues

The following table shows annual revenues, including water use, operations service charge, and debt service charge, from treated water sales to the Contractors for the five most recent fiscal years. This table does not show capital contributions which are made by the Contractors to the District and accounted for separately by the District.

**Table 13
San Juan Water District
Historic Wholesale Treated Water Sales Revenues**

Contractor	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
San Juan Water District	\$ 2,101,621	\$ 2,253,254	\$ 2,110,208	\$ 1,962,959	\$ 2,055,680
Citrus Heights	2,176,090	2,299,226	2,146,118	2,011,500	2,036,314
Fair Oaks	1,542,080	1,501,371	1,437,254	1,443,592	1,501,830
Orange Vale	658,243	675,013	687,838	648,216	661,718
City of Folsom	224,993	220,894	209,701	291,873	195,944
Total	\$ 6,703,027	\$ 6,949,758	\$ 6,591,119	\$6,358,140	\$ 6,451,486

(1) Granite Bay Golf Course raw water and City of Roseville (which, together, typically total less than \$25,000 per year) are not included in totals above; however they are included in Table 15 Wholesale Water Sales Revenue.
Source: District Annual Financial Reports in Wholesale Water Sales.

Historic Wholesale Water Connections

The following table shows the growth in the number of water connections to the Wholesale Water System for the five most recent fiscal years.

**Table 14
San Juan Water District
Historic Wholesale Water Connections**

Connections	2011-12	2012-13	2013-14	2014-15	2015-16
San Juan Water District	10,401	10,433	10,500	10,559	10,601
Citrus Heights	19,547	19,547	19,557	19,600	19,600
Fair Oaks	14,133	14,221	14,225	14,278	13,894
Orange Vale	5,545	5,600	5,600	5,600	5,600
City of Folsom	981	981	981	981	981
Total	50,607	50,782	50,863	51,018	50,676

Source: District Customer Service Account Type Totals and Wholesale Contractors.

Future Wholesale Water System Improvements

The District projects capital improvements to the Wholesale Water System of the District of approximately \$39.6 million over the next five fiscal years, including for replacement of the Hinkle Reservoir liner and cover, water treatment filter improvements, repairs to solids handling facilities, pre-treatment improvements and IT improvements. The District expects that these improvements will be funded from a mix of Net Revenues and a debt issuance in 2019. See Table 16 for additional details on the expected issue of parity debt.

SAN JUAN WATER SYSTEM FINANCIAL INFORMATION

Financial Statements

A copy of the most recent audited financial statements of the District prepared by LSL CPA's and Advisors (the "Auditor") are included as Appendix A hereto (the "Financial Statements"). The Auditor's letter concludes that the Financial Statements present fairly, in all material respects, the financial position of the District as of June 30, 2016 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. The Auditor has not been asked to consent to the inclusion of the Financial Statements in this Official Statement.

Historic Operating Results and Debt Service Coverage

The following table is a summary of operating results of the San Juan Water System, for the last five fiscal years, as well as debt service coverage. These results have been derived from the District's financial statements, but exclude certain non-cash items and include certain other adjustments.

Table 15
San Juan Water District
Historic Operating Results and Debt Service Coverage
Fiscal Years Ended June 30, 2012 through June 30, 2016

	2012	2013	2014	2015	2016
Revenues					
Retail Water Sales	\$8,090,259	\$8,544,267	\$8,481,583	\$7,846,437	\$8,255,437
Wholesale Water Sales ⁽¹⁾	7,364,002	7,013,144	6,614,719	6,379,883	7,067,960
Capital Contributions	2,009,234	2,522,308	(225,068) ⁽⁸⁾	959,849	762,439
Connections and Annexations	176,362	34,741	1,134,335	1,020,687	657,865
1% Property Tax Revenue	1,561,130	1,606,175	1,677,842	1,799,464	1,908,134
Investment Income	187,780	52,954	271,721	147,684	217,332
Other	912,033	803,044	870,679	790,267	1,799,955
Total Revenues	20,300,800	20,576,633	18,825,811	18,944,271	20,669,122
Operation and Maintenance Costs					
Source of Supply ⁽²⁾	3,186,686	3,506,604	2,912,322	3,082,424	2,861,628
Pumping and Telemetry ⁽³⁾	621,783	609,304	759,067	--	--
Water Treatment	1,701,918	1,932,517	1,888,549	2,147,336	2,004,076
Transmission/Distribution (Field Services)	1,764,998	1,926,664	2,240,966	2,671,982	2,530,756
Administration/General	2,455,196	2,661,692	3,822,770	3,301,971	3,727,237
Customer Service	681,163	697,301	597,624	540,731	572,400
Conservation	662,589	614,749	649,832	682,311	726,091
Engineering	325,113	264,583	633,783	432,701	603,427
Retirement	252,332	307,509	398,851	586,942	443,149
Other ⁽⁴⁾	53,233	149,947	198,473	765,647	2,299,092
Total Operation and Maintenance Costs	11,705,011	12,670,870	14,102,237	14,212,045	15,767,856
Net Revenues	8,595,789	7,905,763	4,723,574	4,732,226	4,901,266
Debt Service					
CED Advance ⁽⁶⁾	6,188	3,094	--	--	--
EDA Loan ⁽⁷⁾	30,088	30,088	30,091	30,091	30,091
2003 Installment Purchase Agreement ⁽⁵⁾	1,747,713	1,883,113	--	--	--
2009 Installment Purchase Agreement	1,718,075	1,717,675	2,112,275	2,106,075	2,102,400
2012 Installment Purchase Agreement	--	--	804,300	971,800	979,200
Total Debt Service	3,502,064	3,633,970	2,946,666	3,107,966	3,111,691
Debt Service Coverage	2.45	2.18	1.60	1.52	1.58

(1) Wholesale Water Sales include Granite Bay Golf Course and City of Roseville water sales, which are not included in Table 13. Also includes sales to the Retail System.

(2) Includes amounts paid from Retail System to Wholesale System.

(3) Beginning in fiscal year 2014-15, Pumping and Telemetry is split between Water Treatment and Transmission/Distribution.

(4) Other Expenses have been adjusted to exclude Amortization Expense.

(5) 2003 Installment Purchase Agreement refunded by the 2012 Installment Purchase Agreement.

(6) CED Advance matured in fiscal year 2012-13.

(7) The EDA Loan paid off in full in April 2017.

(8) Capital contributions shown as negative due to refunds made to wholesale entities related to a wholesale meter improvement project.

Source: District Annual Financial Reports.

Projected Operating Results and Debt Service Coverage

The estimated projected operating results for the San Juan Water System for the fiscal years ending June 30, 2017 through June 30, 2021 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the assumptions set forth in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

Table 16
San Juan Water District
Projected Operating Results and Debt Service Coverage
Fiscal Years Ended June 30, 2017 (Mid-Year Projected Budget)⁽¹⁾
through June 30, 2020⁽²⁾

	2017	2018	2019	2020	2021
Revenues					
Retail Water Sales	\$9,262,500	\$ 11,219,000	\$ 12,501,000	\$ 13,817,000	\$15,018,000
Wholesale Water Sales ⁽³⁾	9,166,900	9,429,400	10,512,300	11,694,700	12,652,600
Capital Contributions	326,900	1,375,000	1,038,000	43,800	21,900
Connections and Annexations	407,000	1,151,000	1,185,000	1,221,000	1,257,000
1% Property Tax Revenue	2,095,000	2,158,000	2,222,000	2,288,000	2,356,000
Investment Income	182,000	55,500	54,400	61,500	322,100
Other	663,900	324,300	344,300	364,300	382,300
Total Revenues	22,104,200	25,712,200	27,857,000	29,490,300	32,009,900
Operation and Maintenance Costs					
Source of Supply ⁽⁴⁾	4,313,900	4,708,220	4,969,420	5,508,920	5,557,400
Water Treatment ⁽⁵⁾	2,510,400	2,640,000	2,783,000	2,934,000	3,075,000
Transmission/Distribution (Field Services)	3,034,100	3,488,000	3,634,000	3,793,000	3,967,000
Administration/General	4,149,800	4,671,000	4,859,600	5,081,200	5,269,700
Customer Service	613,500	838,000	863,000	889,000	916,000
Conservation ⁽⁶⁾	924,200	1,066,000	1,098,000	1,131,000	1,165,000
Engineering ⁽⁷⁾	708,700	945,000	1,359,500	817,000	1,140,000
Other	6,400	--	--	--	--
Total Operation and Maintenance Costs	16,261,000	18,356,220	19,566,520	20,154,120	21,090,100
Net Revenues	5,843,200	7,355,980	8,290,480	9,336,180	10,919,800
Debt Service					
EDA Loan ⁽⁸⁾	29,217	--	--	--	--
2009 Installment Purchase Agreement ^{(9)*}	2,103,050	--	--	--	--
2012 Installment Purchase Agreement	976,000	973,000	972,075	972,525	977,525
2017 Refunding Bonds*	--	1,675,000	1,680,000	1,679,000	1,673,000
Projected 2019 Installment Purchase Agreement ^{(10)*}	--	--	--	2,410,000	2,410,000
Total Debt Service*	3,108,267	2,648,000	2,652,075	5,061,525	5,060,525
Debt Service Coverage*	1.88	2.78	3.13	1.84	2.16

Footnotes Follow on Next Page

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- (1) Mid-year projections for the period ending June 30, 2017 as of March 31, 2017.
 - (2) Information for periods ending June 30, 2018 through June 30, 2021 projected based on the Wholesale Financial Plan and Water Rate Study, dated January 5, 2017, and the Retail Financial Plan and Water Rate Update Study dated January 26, 2017. Additionally, Retail Water Sales information has been updated to reflect retail water rates that were approved by the Board on April 12, 2017.
 - (3) Includes wholesale revenues from sales to Citrus Heights, Fair Oaks, Orange Vale, City of Folsom, Granite Bay Golf Club and the Retail Water System.
 - (4) Includes water charges to Retail service area (including capital charges), Placer County Water Agency, the Bureau and treated groundwater purchase costs. Increase in Source of Supply between 2018-19 and 2019-20 driven by projected increased use of CVP water. The District uses its rights water first because it is the lowest marginal cost. CVP water has the highest marginal cost.
 - (5) Includes Facility maintenance for the period ending June 30, 2017.
 - (6) In order to be consistent with the Rate Studies, Conservation contains Public Relations expense. Public Relations has previously been included as part of Administration and General and will likely be included in Administration and General in future financial statements.
 - (7) Includes anticipated costs of Retail Master Plan in 2017-18 (approximately \$175,000) and 2018-19 (approximately \$560,000), and Wholesale Master Plan in 2020-21 (approximately \$300,000).
 - (8) The EDA Loan paid off in full in April 2017.
 - (9) 2009 Installment Purchase Agreement is projected to be defeased in June 2017 by the 2017 Bonds.
 - (10) Reflects projected debt service from the Wholesale and Retail Water Rate Studies. Assumes par amount of \$41,750,000 and annual interest rate of 4.00%.
- * Preliminary; subject to change.
Source: District; Underwriter for projected debt service on 2017 Bonds; Wholesale Financial Plan and Water Rate Update Study and Retail Financial Plan and Water Update Study for 2019 Installment Purchase Agreement.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2017 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and the order presented does not necessarily reflect the relative importance of the various risks. Potential investors in the 2017 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2017 Bonds. There can be no assurance that other considerations will not materialize in the future.

Net Revenues; Rate Covenant

Net Revenues are dependent upon the demand for water sales, which can be affected by population factors, conservation-based demand reductions mandated by legislation or regulation by the State of California, and more stringent drinking water regulations. There can be no assurance that water service demand will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for water could require an increase in rates or charges in order to comply with the rate covenant contained in the Indenture. The District's ability to meet its rate covenant is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the 2017 Bonds and any current and future Parity Bonds.

No Debt Service Reserve Fund

The District will not fund a debt service reserve fund for the 2017 Bonds. In the event Net Revenues are insufficient for the District to pay debt service on the 2017 Bonds when due, no debt service reserve account funds will be available under the Indenture for the District to make such payments.

Expenses of the District

There can be no assurance that expenses of the District will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in quality standards, and increases in the cost of operation or other expenses could require substantial increases in rates or charges in order to comply with the rate covenant in the Indenture. Such rate increases could drive down demand for water and related services or otherwise increase the possibility of nonpayment of the 2017 Bonds.

Limitations on Remedies Available to Bond Owners

The ability of the District to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of the District, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. Furthermore, any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Indenture, the rights and obligations under the Bonds and the Indenture may be subject to the following: the

United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Seismic and Environmental Considerations

Like much of the State, the District is located in a seismically active area. If there were to be an occurrence of severe seismic activity in the area of the District, there could be an interruption in the service provided by the Water System, resulting in a temporary reduction in the amount of Net Revenues available to pay debt service when due on the 2017 Bonds. Other environmental conditions, such as flooding, landslides or wildfires, could affect or interrupt the service provided by the Water System, resulting in a temporary reduction in the amount of Net Revenues available to pay debt service when due on the 2017 Bonds.

California Drought Conditions

On April 1, 2015, for the first time in the State's history, Governor Edmund G. Brown directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25% as compared to 2013 usage. This savings amounted to approximately 1.5 million acre-feet of water over the following nine months.

This action resulted from a series of low-rainfall years. The State set a new "low water" mark on April 1, 2015, with its early-April snowpack measurement. The statewide electronic reading of the snowpack's water content stood at 5% of the April 1st average. April 1, 2015's content was only 1.4 inches, or 5%, of the 28-inch average. The lowest previous reading since 1950 was 25% of average, so water year 2015 is the driest winter in California's written record. Although the winter of 2016-17 was wetter than normal, certain portions of the State remain in drought and the State has continued to impose some baseline conservation measures adopted in 2015.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the 2017 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2017 Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Indenture. Should such an event of taxability occur, the 2017 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Articles XIII C and XIII D of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, limited local governments’ authority to impose or increase property-related “fee” or “charge,” which is defined as “any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service” (and referred to in this section as a “property-related fee or charge”).

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26’s amendments to Article XIII C broadly define “tax,” but specifically exclude, among other things:

- “(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
- (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
- [. . .]
- (6) A charge imposed as a condition of property development.
- (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Property-Related Fees and Charges. Under Article XIII D, before a local government agency may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The agency must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the agency may not impose or increase the property-related fee or charge.

Further, under Article XIII D, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a

service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIC states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Articles XIIC and XIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General’s opinion initially indicated that fees and charges for water and wastewater services, which are based on the amount of services consumed, would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIID. However, numerous subsequent court cases have held that certain types of water and wastewater charges are for property-related service and could be subject to the requirements of Proposition 218. These cases include, for example, *Bighorn-Desert View Water Agency v. Verjil* (39 Cal.4th 205; 46 Cal. Rptr. 3d 73 (Cal. 2006)), *Capistrano Taxpayers Assoc., Inc. v. City of San Juan Capistrano* (235 Cal.App.4th 1493; 186 Cal. Rptr. 3d 362 (Cal. App. 4th Distr. 2015)), and *Morgan v. Imperial Irrigation District* (223 Cal.App.4th 892; 167 Cal.Rptr.3d 687 (Cal. App. 4th Distr. 2014)).

Current Practice Regarding Rates and Charges. The District’s practice in implementing increases in water rates and charges has been to comply with the requirements of Article XIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the District Board approves rate increases.

Threat of Initiative to Challenge 2017 Rate Adoption. Recently, after the Board approved the new water rate schedule for 2017-2021, a retail ratepayer of the District circulated an email indicating that he was exploring whether to prepare an initiative measure to repeal the adopted 2017-2021 water rate schedule. It is unclear if this ratepayer will pursue the threatened measure or, if he does, if he has the financial and political support to successfully validate and present the measure to the District Board for adoption or placement on the ballot. If an initiative is proposed, it is possible that it would be procedurally or legally invalid and the District would vigorously pursue available legal remedies to challenge any invalidity that appears in the measure. Even if such a measure actually were to be presented to the District Board and succeeded in reducing the new water rates or to return them to their 2016 levels, the District believes that such an action would not impair its ability to repay the holders of the refunding bonds because the pre-existing rate structure was sufficient to cover the obligation that is being refunded. Any such rate reduction could, however, impair the District’s ability to carry out its planned capital improvement program.

Conclusion. It is not possible to predict how courts will further interpret Article XIIC and Article XIID in future judicial decisions, and what, if any, further implementing legislation will be enacted. Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or unfavorably alters the District’s water rates and charges, although it is not clear whether any such reduction or repeal by initiative would be enforceable if such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the 2017 Bonds. While a 2014 decision by one California court of appeal indicates that an initiative measure may be invalid if it reduces water rates below the amounts necessary to cover a local agency’s costs of providing service, including the revenues required to repay bonds and other

indebtedness, that decision was focused on another issue and other courts of appeal might decide differently if confronted with the same question. (See *Mission Springs Water District v. Verjil* (218 Cal.App.4th 892; 160 Cal.Rptr.3d 524 (Cal. App. 4th Distr. 2013).) ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIC and Article XIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.***

Environmental Regulation

The kind and degree of water treatment is regulated, to a large extent, by the federal government and the State of California. Treatment standards set forth in federal and state law control the operations of the Water System and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State of California, acting through the Department of Health Services, or additional federal or state legislation, should impose stricter water quality standards upon the Water System, the District’s expenses could increase accordingly and rates and charges would have to be increased to offset those expenses.

It is not possible to predict the direction which federal or state regulation will take with respect to drinking water quality standards, although it is likely over time that both will impose more stringent standards with attendant higher costs.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2017 Bonds or, if a secondary market exists, that any 2017 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Future Parity Obligations

As described in “SECURITY FOR THE 2017 BONDS – Parity Debt” above, the Indenture permits the District to issue Parity Debt payable on a parity with the payment of debt service of the 2017 Bonds. In the event of a decline in Net Revenues available to pay debt service on the 2017 Bonds, the existence of Parity Debt could adversely affect the District’s ability to pay debt service on the 2017 Bonds.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2017 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the 2017 Bonds. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2017 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2017 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2017 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2017 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2017 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2017 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2017 Bonds who purchase the 2017 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2017 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2017 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2017 Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2017 Bond (said term being the shorter of the 2017 Bond’s maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2017 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2017 Bond is amortized each year over the term to maturity of the 2017 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2017 Bond premium is not deductible for federal income tax purposes. Owners of

premium 2017 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2017 Bonds.

In the further opinion of Bond Counsel, interest on the 2017 Bonds is exempt from California personal income taxes.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2017 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

General. Owners of the 2017 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2017 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the 2017 Bonds, or the amount, accrual or receipt of interest on the 2017 Bonds, other than as expressly described above.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the 2017 Bonds, the form of which opinion is set forth in APPENDIX E. Certain legal matters will also be passed upon for the District by Jones Hall, as Disclosure Counsel. Certain legal matters will be passed upon for the District by Bartkiewicz, Kronick & Shanahan, a Professional Corporation, as counsel to the District.

LITIGATION

No litigation is pending or threatened concerning the validity of the 2017 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's power to fix water rates and charges, or the power of the District Board or in any way questioning or affecting: (i) the proceedings under which the 2017 Bonds are to be issued; (ii) the validity of any provision of the 2017 Bonds or the Indenture; (iii) the pledge of Net Revenues by the District under the Indenture; or (iv) the titles to office of the present members of the District Board.

There is no litigation pending, with service of process having been accomplished, against the District which if determined adversely to the District would, in the opinion of the District, materially impair the ability of the District to pay principal of and interest on the 2017 Bonds as they become due.

RATING

S&P Global Ratings (“**S&P**”) has assigned its municipal bond rating of “__” to the 2017 Bonds. This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2017 Bonds may have an adverse effect on the market price or marketability of the 2017 Bonds.

CONTINUING DISCLOSURE

The District will covenant for the benefit of owners of the 2017 Bonds to provide certain financial information and operating data relating to the District and the Water System by not later than nine months after the end of the District’s fiscal year, or March 31, of each year (based on the District’s current fiscal year-end of June 30), commencing March 31, 2018, with the report for the 2016-17 fiscal year (the “**Annual Report**”) and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the “**Rule**”). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the District is set forth in “APPENDIX C – Form of Continuing Disclosure Certificate.”

In the previous five years, the District has failed to comply with its prior undertakings under the Rule as follows:

- The District’s annual reports and/or audited financial statements for Fiscal Years 2013-14 and 2014-15 were not timely filed; however, a failure to file notice and unaudited financial statements were filed prior to the annual filing deadline in each year; and
- Notices of an underlying rating change to each of the 2009 Certificates and 2012A Bonds were not timely filed.

The District has hired Applied Best Practices as dissemination agent to assist the District with its continuing disclosure compliance undertakings under the Rule, including with respect to the 2017 Bonds.

UNDERWRITING

Piper Jaffray & Co., the Underwriter of the 2017 Bonds, has agreed to purchase the 2017 Bonds from the District at a purchase price of \$_____ which represents the aggregate principal amount of the 2017 Bonds, plus net original issue premium of \$_____, less underwriter’s discount of \$_____.

The purchase contract under which the Underwriter is purchasing the 2017 Bonds provides that the Underwriter will purchase all of the 2017 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The public offering prices of the 2017 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2017 Bonds to certain dealers and others at a price lower than the offering price stated on the cover page of this Official Statement.

MUNICIPAL ADVISOR

The District has retained Urban Futures, Inc., Tustin, California, as its Municipal Advisor (the “**Municipal Advisor**”) in connection with the authorization and delivery of the 2017 Bonds. The Municipal Advisor assumes no responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2017 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them on behalf of the District relating to (a) the sufficiency of the anticipated receipts from the cash deposited under the Escrow Agreement to prepay and defease the 2009A Certificates in full, and (b) the “yield” on the amounts deposited in the Escrow Fund and on the 2017 Bonds considered by Bond Counsel in connection with the opinion rendered by such firm that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

EXECUTION

The execution of this Official Statement and its delivery have been authorized by the Board of Directors of the District.

SAN JUAN WATER DISTRICT

By: _____
President of the Board

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Certain provisions of the Indenture are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Indenture. In the event of a conflict between this summary and the Indenture, the terms of the Indenture shall govern.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2016**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
SAN JUAN WATER DISTRICT
Water Revenue Refunding Bonds
Series 2017

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the San Juan Water District (the “**District**”) in connection with the issuance of its \$ _____ Water Revenue Refunding Bonds, Series 2017 (the “**2017 Bonds**”). The 2017 Bonds are being issued pursuant to that certain Indenture of Trust, dated as of _____ 1, 2017 (the “**Indenture**”) by and between the District and MUFG Union Bank, N.A., as trustee (the “**Trustee**”). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the 2017 Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date that is nine months after the end of the District’s fiscal year (currently March 31 based on the District’s fiscal year end of June 30).

“*Dissemination Agent*” means initially Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement dated _____, 2017, executed by the District in connection with the issuance of the 2017 Bonds.

“*Participating Underwriter*” means Piper Jaffray & Co., as the original underwriter of the 2017 Bonds required to comply with the Rule in connection with offering of the 2017 Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2018, with the report for the 2016-17 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements of the District prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing the following information for the most recently completed fiscal year:

(i) Principal amount of the 2017 Bonds outstanding.

(ii) An update of the information in Table 2A, entitled "San Juan Water District Historic Water Supply Available" and Table 2B, entitled "San Juan Water District Historic Water Supply Delivered" under the caption "WATER SUPPLY OF SAN JUAN" in the Official Statement.

(iii) An update of the information in the following tables under the caption "THE RETAIL WATER SYSTEM OF SAN JUAN" in the Official Statement:

- (A) Table 3, "San Juan Water District Historic Retail Water Connections"
- (B) Table 4, "San Juan Water District Historic Retail Water Sale Revenues"

(iv) An update of the information in the following tables under the caption "THE WHOLESALE WATER SYSTEM OF SAN JUAN" in the Official Statement:

- (A) Table 11, "San Juan Water District Historic Wholesale Water Supply Deliveries to Contractors"
- (B) Table 12, "San Juan Water District Historic Treated Water Deliveries to Sacramento Suburban"
- (C) Table 13, "San Juan Water District Historic Wholesale Treated Water Sales Revenues"

(v) An update of the information in Table 15, entitled "San Juan Water District Historic Operating Results" in the Official Statement.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2017 Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.

- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) or (a)(14) above, the District determines that knowledge of the occurrence of that Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2017 Bonds under the Indenture.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2017 Bonds. If such termination occurs prior to the final maturity of the 2017 Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2017 Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2017 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the 2017 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2017 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in

addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2017 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent (if other than the District), the Participating Underwriter and the holders and beneficial owners from time to time of the 2017 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2017

SAN JUAN WATER DISTRICT

By _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Juan Water District

Name of Issue: \$_____ San Juan Water District Water Revenue Refunding Bonds, Series 2017

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the San Juan Water District has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Certificate dated as of _____, 2017, executed by San Juan Water District. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

SAN JUAN WATER DISTRICT

By _____
Name:
Title:

APPENDIX D

GENERAL INFORMATION REGARDING PLACER COUNTY

The following information concerning the Placer County (the "County") and surrounding areas is included only for the purpose of supplying general information regarding the community. The 2017 Bonds are not a debt of County, the District, the State or any of its political subdivisions, and neither the County, the District, the State nor any of its political subdivisions is liable therefor.

General

The County of Placer. The County is located in both the Sacramento Valley and Sierra Nevada regions, in what is known as the Gold Country. It stretches from the suburbs of Sacramento to Lake Tahoe and the Nevada border.

Population

The following table sets forth population estimates for the cities in the County, County and State for the past four years.

POPULATION ESTIMATES County and State 2012 through 2016

	2012	2013	2014	2015	2016
Auburn	13,631	13,762	13,993	14,022	14,070
Colfax	2,015	2,049	2,062	2,064	2,068
Lincoln	44,167	45,005	45,990	46,688	47,339
Loomis	6,554	6,589	6,633	6,646	6,692
Rocklin	58,735	59,236	59,776	60,325	60,351
Roseville	123,973	127,438	129,822	131,433	134,073
Balance of County	109,077	108,338	108,900	109,060	109,203
Incorporated	<u>249,075</u>	<u>254,079</u>	<u>258,276</u>	<u>261,178</u>	<u>264,593</u>
Placer County Total	358,152	362,417	367,176	370,238	373,796
State of California	37,881,357	38,239,207	38,567,459	38,907,642	39,255,883

Source: California State Department of Finance.

Employment and Industry

The unemployment rate in the Sacramento--Arden-Arcade--Roseville Metropolitan Statistical Area ("MSA"), which is comprised of El Dorado, Placer, Sacramento and Yolo Counties, was 4.9 percent in December 2016, unchanged from a revised 4.9 percent in November 2016, and below the year-ago estimate of 5.5 percent. This compares with an unadjusted unemployment rate of 5.0 percent for California and 4.5 percent for the nation during the same period. The unemployment rate was 4.7 percent in El Dorado County, 4.0 percent in Placer County, 4.9 percent in Sacramento County, and 5.8 percent in Yolo County.

The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento--Arden-Arcade--Roseville MSA for the years 2011 through 2015.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Sacramento Arden Arcade Roseville Metropolitan Statistical Area
(El Dorado, Placer, Sacramento, and Yolo Counties)
Civilian Labor Force, Employment and Unemployment
Annual Averages**

	2011	2012	2013	2014	2015
Civilian Labor Force ⁽¹⁾	1,044,400	1,049,500	1,046,800	1,049,200	1,060,200
Employment	920,900	941,100	956,100	974,100	998,100
Unemployment	123,600	108,300	90,800	75,100	62,100
Unemployment Rate	11.8%	10.3%	8.7%	7.2%	5.9%
Wage and Salary Employment ⁽²⁾					
Agriculture	8,200	8,600	8,900	9,200	9,300
Mining and Logging	500	400	500	500	600
Construction	36,900	38,400	43,300	45,400	49,900
Manufacturing	33,200	33,900	34,100	35,400	36,300
Wholesale Trade	23,700	25,200	25,000	24,500	24,600
Retail Trade	89,400	91,800	93,800	95,300	97,500
Transportation, Warehousing and Utilities	21,100	22,000	22,900	23,600	24,600
Information	16,300	15,600	14,800	13,900	14,200
Finance and Insurance	34,700	35,700	36,300	35,500	37,100
Real Estate and Rental and Leasing	12,000	12,500	13,100	13,400	13,900
Professional and Business Services	104,400	111,100	114,600	118,200	119,700
Educational and Health Services	122,500	125,600	130,700	134,300	140,300
Leisure and Hospitality	81,700	84,500	88,700	91,800	94,900
Other Services	28,000	28,600	29,000	30,200	30,800
Federal Government	14,000	13,700	13,500	13,600	13,700
State Government	109,700	108,200	109,900	113,400	115,400
Local Government	100,900	99,600	99,200	100,800	102,900
Total, All Industries ⁽³⁾	837,100	855,300	878,200	898,800	925,400

⁽¹⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽²⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽³⁾ Totals may not add due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The following table list the largest employers located within the County.

LARGEST EMPLOYERS Placer County January 2017 (In Alphabetical Order)

Employer Name	Location	Industry
Adventist Health	Roseville	Health Services
Alpine Meadows	Alpine Meadows	Resorts
AT&T	Auburn	Telephone Companies
Consolidated Communications	Roseville	Communications
County Jail	Tahoe City	Government Offices-County
Flyers Energy	Auburn	Oil & Gas Producers
Hewlett-Packard	Roseville	Computer & Equipment Dealers
Kaiser Foundation Hospitals	Roseville	Hospitals
Kw Commercial	Roseville	Real Estate
Northstar-At-Tahoe Resort	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County of Education	Auburn	Schools
Placer County Sheriff	Auburn	Government Offices-County
PRIDE Industries	Roseville	Employment Agencies & Opportunities
Resort At Squaw Creek	Alpine Meadows	Resorts
Ritz-Carlton Lake Tahoe	Truckee	Hotels & Motels
Roseville Golfand-Sun Splash	Roseville	Water Parks
Sheriff's Training	Auburn	Government Offices-County
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Medical Ctr	Roseville	Hospitals
TASQ Technology	Roseville	Importers (whls)
Thunder Valley Casino & Resort	Lincoln	Casinos
UNFI Western Region Div	Rocklin	Food Products (whls)
Village Lodge-Sugar Bowl	Norden	Hotels & Motels

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2017 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2011 through 2015. Annual figures are not yet available for 2016.

**EFFECTIVE BUYING INCOME (EBI)
County, State and United States
As of January 1, 2011 through 2015**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2011	Placer County	\$9,797,178	\$55,993
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	Placer County	\$9,955,120	\$55,173
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	Placer County	\$9,811,843	\$56,393
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	Placer County	\$10,287,888	\$58,583
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	Placer County	\$11,729,490	\$64,480
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: The Nielsen Company (US), Inc.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2015 in the County were reported to be \$6,365,473,522 , a 7.07% increase over the total taxable sales of \$5,945,101,000 reported during the first three quarters of calendar year 2014. Annual figures for calendar year 2015 and 2016 are not yet available.

TAXABLE TRANSACTIONS Placer County Calendar Years 2010 through 2014 (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2010	8,110	\$4,678,785	11,439	\$6,017,542
2011	7,803	5,112,781	11,120	6,568,195
2012	8,272	5,613,981	11,621	7,065,597
2013	8,487	6,050,198	11,713	7,724,406
2014	8,520	6,296,076	8,520	8,100,167

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following table shows residential and non-residential building permits issued within the County for calendar years 2011 through 2015. Annual figures are not yet available for 2016.

BUILDING PERMIT VALUATION County of Placer (Valuation in Thousands of Dollars)

	2011	2012	2013	2014	2015
<u>Permit Valuation</u>					
New Single-family	\$230,831.8	\$431,611.6	\$378,286.0	\$523,638.2	\$683,806.3
New Multi-family	6,549.5	11,368.0	7,078.5	48,645.5	21,702.2
Res. Alterations/Additions	<u>62,155.8</u>	<u>35,481.3</u>	<u>50,358.2</u>	<u>59,428.5</u>	<u>82,577.5</u>
Total Residential	299,537.1	478,460.9	435,722.7	631,712.2	788,086.0
New Commercial	7,014.3	44,303.0	70,876.0	38,343.5	72,506.2
New Industrial	860.0	164.0	1,092.0	199.8	1,339.6
New Other	12,112.3	414.5	25,673.5	44,159.8	72,602.9
Com. Alterations/Additions	<u>88,639.9</u>	<u>55,512.0</u>	<u>73,037.0</u>	<u>101,977.7</u>	<u>80,457.5</u>
Total Nonresidential	108,626.5	100,393.5	170,678.5	184,680.8	226,906.2
<u>New Dwelling Units</u>					
Single Family	802	1,209	1,249	1,620	1,994
Multiple Family	<u>28</u>	<u>111</u>	<u>227</u>	<u>376</u>	<u>240</u>
Total New Dwelling Units	830	1,320	1,476	1,996	2,234

Source: Construction Industry Research Board, Building Permit Summary.

4. The Bonds have been duly authorized and executed by the District, and are valid and binding limited obligations of the District, payable solely from the Net Revenues and other funds provided therefor in the Indenture.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G INFORMATION ABOUT CITRUS HEIGHTS WATER DISTRICT, FAIR OAKS WATER DISTRICT AND ORANGE VALE WATER DISTRICT

INFORMATION CONCERNING CITRUS HEIGHTS WATER DISTRICT

General

Citrus Heights Water District ("Citrus Heights") was organized on October 25, 1920, under the provisions of Division 11 of the California Water Code as the Citrus Heights Irrigation District for the purpose of financing, constructing and operating an irrigation system within Citrus Heights' boundaries. During the 1940s and 1950s, Citrus Heights underwent gradual residential development and today its water service area is almost completely developed. Citrus Heights serves a population of approximately 67,500.

Citrus Heights provides water service to substantially all residential, agricultural, commercial and governmental users within Citrus Heights other than a small number of water users which operate individual wells. Citrus Heights currently provides retail water service to approximately 19,576 residential, agricultural, commercial and governmental water users.

Citrus Heights includes the City of Citrus Heights as well as certain unincorporated areas of Sacramento and Placer Counties. Citrus Heights is located approximately 12 miles northeast of downtown Sacramento, with its westernmost boundary adjacent to Interstate 80. The approximate boundaries of the Citrus Heights Water District are: Madison Avenue to the south; the Sacramento County line to the north; Interstate 80 to the west; and Hazel Avenue to the east. Other communities in Sacramento County that are adjacent to the City of Citrus Heights are Carmichael, Fair Oaks and Orangevale. A small portion of the Citrus Heights service area is located in Placer County, north of the Sacramento County line, and includes a small portion within the City of Roseville.

Land and Land Use

Use Citrus Heights currently contains approximately 7,780 acres of developed land. Based on current Sacramento and Placer Counties land use policies, Citrus Heights expects its population to increase to approximately 75,300 at ultimate buildout in the year 2035.

Governance and Management

Citrus Heights is governed by a 3-member Board of Directors (the "Board") the members of which are elected by the qualified voters in Citrus Heights to four-year staggered terms. Day-to-day management of Citrus Heights is delegated to the General Manager.

Employees

Citrus Heights currently employs 32 full-time employees, of which 10 work in the administrative office and 22 work primarily in positions related to the construction, maintenance and operation of the Citrus Heights water system. Citrus Heights also employs temporary works as needed. Citrus Heights employees are not represented by a labor union.

Outstanding Revenue Obligations

Citrus Heights currently has a single long-term obligation secured by the revenues of the Citrus Heights Water System (the "Water System"), which is the obligation to make installment payments under an Installment Purchase Agreement, dated as of May 1, 2003, by and between Citrus Heights and the Corporation, as amended by Amendment No. 1 to Installment Purchase Agreement, dated as of April 1, 2012. These installment payments are pledged to the payment of the San Juan Water District Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A.

The Water System

Citrus Heights currently provides treated surface water for residential, commercial and municipal customers within the 7,780-acre service area in Citrus Heights. Treated water is supplied to Citrus Heights via the Treatment Plant of the District. The water purchased from the District is delivered from two major transmission mains and is metered in three Citrus Heights locations.

Within Citrus Heights, water is distributed through approximately 265 miles of pipeline. This distribution system includes an estimated 148 miles of transite, 25 miles of steel pipe, 41 miles of poly vinyl chloride (PVC) pipe, ten miles of cast/ductile iron pipe and small amounts of other pipeline materials. Transmission and distribution system main sizes range from 42-inch diameter to 2-inch diameter pipe. Sixty percent of the steel piping is cement mortar lined. Citrus Heights water is delivered primarily by gravity, although some water is pumped to augment pressure.

Water Supply

Of the approximately 3,152 million gallonsof water Citrus Heights delivered to its customers in 2016, approximately 89.19% was treated surface water. The remaining water supply is groundwater delivered from the wells of Citrus Heights.

The original water supply of Citrus Heights was untreated surface water purchased by Citrus Heights from the North Fork Ditch Company. After the completion of Folsom Dam on the American River in 1954, by the United States Department of the Interior, Bureau of Reclamation (the "Bureau"), the North Fork Ditch Company's water rights were transferred to San Juan Water District. The District acts as wholesaler of water to Citrus Heights and certain other public agencies. Commencing in 1954, Citrus Heights began receiving treated surface water from the District

Historic Water Connections, Deliveries and Water Sale Revenues

The following table shows the growth in the number of water connections, the volume of water delivered and annual water sale revenues of the Water System for the five most recent fiscal years ending December 31. The figures in the following table vary slightly from the corresponding figures provided by San Juan in the Official Statement under the caption "THE WHOLESALE WATER SYSTEM OF SAN JUAN HISTORIC WHOLESALE TREATED WATER DELIVERIES" because the figures in the following table are based on the fiscal years of Citrus Heightsending December 31, while the figures in the Official Statement are based on the fiscal years of San Juan ending June 30.

**CITRUS HEIGHTS WATER DISTRICT
HISTORIC WATER CONNECTIONS, WATER DELIVERIES
AND WATER SALE REVENUES**

<i>Fiscal year Ending December 31⁽¹⁾</i>	<i>Connections</i>	<i>Water Deliveries (acre feet)⁽²⁾</i>	<i>Water Sale Revenues</i>
2016	19,854	10,846	\$11,602,622
2015	19,750	9,973	\$ 9,953,864
2014	19,600	11,793	\$10,171,473
2013	19,547	14,882	\$10,905,197
2012	19,547	14,170	\$10,285,029

⁽¹⁾ The fiscal year for Citrus Heights begins on January 1 of each year and ends on the last day of December for such year.
Source: Citrus Heights

Water System Rates and Charges

General. Citrus Heights rates and charges are set by the Board and are not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The Citrus Heights staff annually determines the adequacy of the Water System water charge structure after full consideration of expected operations, maintenance and capital costs. The Board currently sets Water System water charges to pay the costs of water purchases and to recover operating expenses for the Water System. Capital improvements are funded from water charges and from connection fees.

The effective monthly service charge for a 1-inch metered residential water service connection for Citrus Heights Fiscal Year 2017 is \$_72.30. Such amount is billed every two months.

Water consumption is charged on a per-unit basis, with one unit equal to 100 cubic feet of water (approximately 748 gallons). For Citrus Heights Fiscal Year 2017, the per-unit charge for water consumed was \$0.9871.

Future Water System Improvements

Citrus Heights projects capital improvements for existing users of approximately \$20 million over the next 5 years. Citrus Heights projects that any capital facilities to accommodate future growth will be paid for by the applicable developer over the next 5 years. Citrus Heights expects that improvements for existing users will be funded from revenues.

INFORMATION CONCERNING FAIR OAKS WATER DISTRICT

General

The Fair Oaks Water District ("Fair Oaks") is located in the northeast portion of Sacramento County, California, approximately 16 miles east of downtown Sacramento. Fair Oaks was formed in 1917 under the provisions of Division 11 of the Water Code of the State of California for the purpose of financing, constructing and operating an irrigation system within Fair Oaks boundaries. Beginning in the 1950s, land within the boundaries of Fair Oaks underwent gradual residential and non-residential development.

Fair Oaks currently serves a population of approximately 36,200. Fair Oaks provides water service to all residential, non-residential and governmental users within the Fair Oaks service area. Fair Oaks currently provides water to approximately 12,445 residential customers and approximately 1,551 non-residential customers including commercial, multi-family, institutional, irrigation and fire service.

Land and Land Use

Fair Oaks currently contains approximately 6,240 acres of land, of which approximately 80% is developed as single-family and multi-family residential housing and approximately 20% is developed for commercial and governmental uses.

Based on current Sacramento County land use policies, Fair Oaks expects its population to increase to approximately 38,000 by the year 2020.

Governance and Management

Fair Oaks is governed by a five-member Board of Directors (the "Board"). Board members are elected by registered voters from divisional areas served by Fair Oaks to staggered four-year terms. Day-to-day management of Fair Oaks is delegated to the General Manager.

Employees

Fair Oaks has 30 approved positions. None of Fair Oaks' employees are presently represented by a union. Fair Oaks has not experienced any strike or other labor actions.

Outstanding Revenue Obligations

Fair Oaks currently has no outstanding long-term debt secured by the revenues of the Fair Oaks Water System (the "Water System").

The Water System

Fair Oaks is the sole provider of water service to water users within Fair Oaks' service area. Fair Oaks' water distribution system includes over 181.9 miles of pipelines, ranging in size from 4 inches to 40 inches in diameter. Fair Oaks operates 6 wells that extract local groundwater. Fair Oaks also has one water tank with a storage capacity of 3 million gallons which is operated together with a pumping station consisting of 3 pumps.

Water Supply

In 2016 Fair Oaks met its customer’s water demands by purchasing approximately 88% of the required water from San Juan and by meeting the remaining demand with groundwater produced by Fair Oaks water production facilities. Starting in 2017, the Fair Oaks Water District Board of Directors may direct increased pumping of groundwater to meet future water demands.

Historic Water Connections, Deliveries and Water Sale Revenues

The following table shows the growth in the number of water connections, the volume of water delivered and annual water sale revenues of the Fair Oaks Water System for the five most recent fiscal years ending December 31. The figures in the following table vary slightly from the corresponding figures provided by San Juan in the Official Statement under the caption "THE WHOLESALE WATER SYSTEM OF SAN JUAN - Historic Wholesale Treated Water Deliveries" because the figures in the following table are based on the fiscal years of Fair Oaks ending December 31, while the figures in the Official Statement are based on the fiscal years of San Juan ending June 30.

**FAIR OAKS WATER DISTRICT
HISTORIC WATER CONNECTIONS, WATER DELIVERIES
AND WATER SALE REVENUES**

<i>Fiscal year Ending December 31⁽¹⁾</i>	<i>Connections</i>	<i>Water Deliveries (acre feet)⁽²⁾</i>	<i>Water Sale Revenues</i>
2016	13,996	8,701	\$7,661,048
2015	13,894	8,130	\$7,495,787
2014	14,278	9,591	\$7,761,988
2013	14,221	12,259	\$8,235,897
2012	14,133	11,550	\$8,108,701

⁽¹⁾ The fiscal year for Fair Oaks begins on January 1 of each year and ends on the last day of December for such year.
⁽²⁾ Includes groundwater pumped by Fair Oaks. See the caption "Water Supply."
 Source: Fair Oaks.

Water System Rates and Charges

General. Fair Oaks rates and charges are set by the Board and are not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. Fair Oaks staff annually determines the adequacy of the Water System water charge structure after full consideration of expected operations, maintenance and capital costs. The Board currently sets Water System water charges to pay the costs of water purchases and groundwater pumping and to recover operating expenses for the Water System. Capital improvements are funded from water charges and from connection fees.

Fair Oaks has separated its customer base into six classes: residential, multi-family, institutional, industrial, commercial and landscape irrigation. The rates charged to Fair Oaks’ customers in all customers classes are based upon a metered rate. See the caption "–Water Service Charges" below.

Water Service Charges. Rates for all customers are based upon meter size and water usage. The commodity rate for 2017 is \$0.45 cents per 100 cubic feet. The service charges for 2017 are based upon meter size and range from \$65.10 bi-monthly for a one inch meter to \$2,718.87 bi-monthly for a ten inch meter.

Connection Fees. Fair Oaks collects a connection fee for each new connection to the Water System which is currently \$4,643 for a one inch meter. An additional wholesale connection fee is collected on behalf of San Juan.

INFORMATION CONCERNING ORANGE VALE WATER COMPANY

General

The Orange Vale Water Co. ("Orange Vale") is located in the northeast portion of Sacramento County, California, approximately 20 miles north of downtown Sacramento. Orange Vale was formed in 1896 under the provisions of Division 1 of Title 1 of the Corporations Code of the State of California as a mutual benefit water company for the purpose of delivering water to its landowners (who by law are stockholders) and members for irrigation purposes. Beginning in the 1950s, land within the boundaries of Orange Vale began gradual residential and commercial development. Substantially all of the land within the boundaries of Orange Vale is in the unincorporated area of Sacramento County except for approximately 20 acres which are within the City of Folsom and 50 acres within the town of Fair Oaks.

Orange Vale currently serves a population of approximately 16,763. Orange Vale provides water service to substantially all residential, agricultural and commercial users within Orange Vale other than a small number of water users which operate their own wells. Orange Vale currently provides water to approximately 5,390 residential customers (including 47 irrigation water users), 6 full time agricultural customers 166 commercial customers, 55 institutional customers and 11 parks. Currently all water provided by Orange Vale is purchased from San Juan Water District ("San Juan").

Land and Land Use

Use Orange Vale currently contains approximately 3,075 acres of land, of which approximately 75% is developed as single-family and multi-family residential housing and approximately 10% is developed for commercial uses. The remaining land within Orange Vale is currently undeveloped.

Based on current Sacramento County land use policies, Orange Vale expects its population to increase to approximately 16,974 at ultimate build-out in the year 2020.

Governance and Management

Orange Vale is governed by a 5-member Board of Directors (the "Board") the members of which are elected by the stockholders in Orange Vale to staggered 2-year terms. Day-to-day management of Orange Vale is delegated to the General Manager.

Employees

Orange Vale currently employs 11 persons, of whom 5 work in the water department and 6 work in administration. None of Orange Vale's employees are presently represented by a union. Orange Vale has not experienced any strike or other labor actions.

Outstanding Revenue Obligations

Orange Vale currently has no outstanding long-term debt secured by the revenues of the Orange Vale Water System (the "Water System").

The Water System

Orange Vale is the sole provider of water service to water users within Orange Vale except for a small number of users who own wells. Orange Vale's water distribution system includes over 80 miles of pipelines within its service area, ranging in size from 1 inch to 30 inches in diameter and providing water for C-I residential and commercial use. Orange Vale currently operates 1 well that extracts local groundwater for emergency purposes only on a stand-by basis with one pump. Orange Vale does not currently maintain any reservoirs or other storage facilities.

Water Supply

Orange Vale currently purchases all of the water distributed by the Water System from San Juan. The current well, which is only used for emergency purposes, produces a flow of approximately 995 gallons per minute. This well is in need of rehabilitation and used for emergency purposes only.

The underlying groundwater basin serves as a source of supply for other water agencies in the northeastern portion of Sacramento County and the City of Sacramento, which lies to the southwest of Orange Vale. The groundwater basin has not been adjudicated.

Historic Water Connections, Deliveries and Water Sale Revenues

The following table shows the growth in the number of water connections, the volume of water delivered and annual water sale revenues of the Water System for the five most recent calendar years ending December 31. The figures in the following table vary slightly from the corresponding figures provided by San Juan in the Official Statement under the caption "THE WHOLESALE WATER SYSTEM OF SAN JUAN Historic Wholesale Treated Water Deliveries" because the figures in the following table are based on the calendar years of Orange Vale Water Company ending December 31, while the figures in the Official Statement are based on the fiscal years of San Juan ending June 30.

**ORANGE VALE WATER COMPANY
HISTORIC WATER CONNECTIONS, WATER DELIVERIES
AND WATER SALE REVENUES**

<i>Fiscal year Ending December 31⁽¹⁾</i>	<i>Connections</i>	<i>Water Deliveries (acre feet)⁽²⁾</i>	<i>Water Sale Revenues</i>
2016	5676	3407.99	2,773,606.00
2015	5290	3256.51	2,509,788.00
2014	5285	3931.76	2,441,754.00
2013	5257	5138.61	2,856,346.00
2012	5213	4657.45	2,471,310.00

⁽¹⁾The calendar year for Orange Vale begins on January 1 of each year and ends on the last day of December for such year.
Source: Orange Vale

Water System Rates and Charges

General. Orange Vale rates and charges are set by the Board and are not subject by statute to the jurisdiction of, or regulation by, the California Public Utilities Commission or any other regulatory body. The Orange Vale staff annually determines the adequacy of the Water System water charge structure after full consideration of expected operations, maintenance and capital costs. The Board currently sets Water System water charges to pay the costs of water purchases and to recover operating expenses for the Water System. Capital improvements are funded from water charges and from connection fees.

Water Service Charges. Rates for all customers are based upon meter size and water usage. The commodity rate for 2017 is \$0.66 per 100 cubic feet. The service charges for 2017 are based upon meter size and range from \$24.19 monthly for a one inch meter to \$2,042.51 monthly for a twelve inch meter.

Connection Fee. Orange Vale collects a connection fee for each new connection to the Water System which is currently \$4,930.00 for a one inch meter. Orange Vale currently projects raising the connection fee up to approximately \$5,500.00 during the next five year period.

Future Water System Improvements

Orange Vale projects capital improvements for existing users of approximately \$10 million over the next 5 years. Orange Vale projects that any capital facilities to accommodate future growth will be paid for by the applicable developer over the next 5 years. Orange Vale expects that improvements for existing users will be funded from revenues.

INDENTURE OF TRUST

by and between the

SAN JUAN WATER DISTRICT

and

**MUFG UNION BANK, N.A.,
as Trustee**

Dated as of _____ 1, 2017

Relating to

**\$ _____
San Juan Water District
Water Revenue Refunding Bonds, Series 2017**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into as of _____ 1, 2017, by and between the SAN JUAN WATER DISTRICT, a community services district organized and existing under the Constitution and laws of the State of California (the "District"), and MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the District owns and operates facilities for the collection, treatment and supply of water within the service area of the District, both for retail and wholesale customers (as further defined herein, the "Water System"); and

WHEREAS, the District previously entered into an Installment Purchase Agreement, dated as of June 1, 2009 (the "2009 Agreement") with the San Juan Suburban Water District Financing Corporation (the "Corporation"), pursuant to which the District agreed to make certain installment payments in the aggregate principal amount of \$30,510,000 (the "2009 Installment Payments") for the purpose of financing certain improvements to the Water System (the "2009 Project"), and in connection therewith Union Bank, N.A. (now known as MUFG Union Bank, N.A.), as trustee (the "2009 Trustee"), executed and delivered the \$30,510,000 Revenue Certificates of Participation, Series 2009A (the "2009 Certificates"), pursuant to a Trust Agreement, dated as of June 1, 2009, between the District, the Corporation and the 2009 Trustee; and

WHEREAS, the 2009 Certificates maturing on or after February 1, 2020 are subject to redemption, at the option of the District, on any date on or after February 1, 2019, as a whole or in part, from prepayments of the 2009 Installment Payments, without premium; and

WHEREAS, the District, after due investigation and deliberation, has determined that it is in the interests of the District at this time to provide for the issuance of its Water Revenue Refunding Bonds, Series 2017 (the "2017 Bonds") pursuant to this Indenture for the purpose of refinancing the 2009 Installment Payments (and the corresponding portion of 2009 Certificates); funding a reserve fund for the 2017 Bonds (if necessary); and paying the costs of issuing and selling the 2017 Bonds; and

WHEREAS, the 2017 Bonds will be secured by a pledge of the Net Revenues, as defined herein, of the Water System on a parity with the pledge in the 2003 Agreement (defined herein), and certain other moneys held by the District and the Trustee hereunder; and

[[WHEREAS, _____ ("_____") is issuing its municipal bond debt service reserve policy in satisfaction of the obligation of the District to fund the Reserve Fund created under this Indenture to the Reserve Requirement for the Bonds; and]]

WHEREAS, in order to provide for the authentication and delivery of the 2017 Bonds, to establish and declare the terms and conditions upon which the 2017 Bonds are to be issued

and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Board has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the 2017 Bonds, when executed by the District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the District, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of the 2017 Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Authorized Investments” means any of the following, but only to the extent that the same are acquired at Fair Market Value, which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;
- (b) (i) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration (formerly Farmers Home Administration), General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, Federal Housing Administration and Federal Financing Bank, and (ii) direct obligations for any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations rated “Aaa” by Moody’s and “AAA” by S&P issued by Fannie Mae or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies;

(c) U.S. dollar denominated deposit accounts federal funds and banker's acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P or are collateralized by Federal Securities and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;

(d) commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P, and which matures not more than 270 calendar days after the date of purchase;

(e) investments in a money market fund, including those of an affiliate of the Trustee, rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services but excluding any fund with a floating net asset value;

(f) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based upon an irrevocable escrow account or fund, in the highest rating category of Moody's and S&P or any successors thereto; or (ii)(A) subject to the approval of S&P, which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of Federal Securities, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the prepayment date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(g) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Authorized Official" means the General Manager, Finance Director, Treasurer (or person holding any equivalent position), or the designee of any of them.

"Board" means the Board of Directors of the District or any other legislative body of the District hereafter provided for pursuant to law.

"Bond Counsel" means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Law” means Articles 10 (commencing with Section 53570) and 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Bond Registration Books” means the books maintained by the Trustee pursuant to Section 2.08 for the registration and transfer of ownership of the 2017 Bonds.

“Bond Proceeds Fund” means the fund established and held by the Trustee pursuant to Section 3.02.

“Bonds” means, collectively, the 2017 Bonds and any Parity Debt issued and at any time Outstanding hereunder.

“Bond Year” means the twelve-month period beginning on February 2 in each year and ending on February 1 in the following year except that (i) the first Bond Year with respect to the 2017 Bonds shall begin on the Closing Date, and (ii) the last Bond Year with respect to the 2017 Bonds may end on a redemption date prior to maturity of the 2017 Bonds or on the final maturity date of the 2017 Bonds.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is authorized by law to remain closed.

“Certificate of the District” means a certificate in writing signed by the Authorized Official or by any other officer of the District duly authorized by the Board for that purpose.

“Corporation” means the San Juan Suburban Water District Financing Corporation, a non-profit public benefit corporation organized and existing under the laws of the State of California.

“Closing Date” means, with respect to the 2017 Bonds, the date upon which there is an exchange of the 2017 Bonds for the proceeds representing the purchase of such Series by the Original Purchaser thereof.

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the District and dated the date of original execution and delivery of the 2017 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cost of Issuance Fund” means the fund by that name established pursuant to Section 3.04.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the 2017 Bonds, including but not limited to compensation, fees and expenses of the District and the Trustee and their respective counsel, compensation to any financial consultants and underwriters, legal fees and expenses, municipal bond insurance or surety bond premiums, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

“Date of Operation” means, with respect to any uncompleted Project, the estimated date by which such Project will have completed and, in the opinion of an engineer, will be ready for commercial operation by or on behalf of the District.

“Debt Service” means, for any period of calculation, the sum of:

(1) the interest accruing during such period on all outstanding Bonds and other Parity Debt (except to the extent the interest evidenced and represented thereby is capitalized), assuming that all outstanding serial Bonds and other Parity Debt are retired as scheduled and that all outstanding term Bonds and other Parity Debt are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized);

(2) those portions of the principal amount of all outstanding serial Bonds and other Parity Debt maturing in such period;

(3) those portions of the principal amount of all outstanding term Bonds and other Parity Debt required to be prepaid or paid in such period; but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Parity Debt[, but less the earnings to be derived from the investment of moneys in debt service reserve funds established for Bonds or other Parity Debt]; provided that, as to any such Bonds or other Parity Debt bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service will, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds or other Parity Debt plus 1%, and

(ii) the highest variable rate borne over the preceding 3 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued; provided further that if any series or issue of such Bonds or other Parity Debt have 25% or more of the aggregate principal amount of such series or issue due in any one year, Debt Service will be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or other Parity Debt were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and provided further that, as to any such Bonds or other Parity Debt or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or other Parity Debt or portions thereof, such accreted discount will be treated as interest in the calculation of Debt Service; and provided further that if the Bonds or other Parity Debt constitute paired obligations, the interest rate on such Bonds or other Parity Debt will be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such paired obligations; and provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service will be deducted from the amount of principal due at the final maturity of the Bonds and other Parity Debt for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess will be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

“Debt Service Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.03.

“Defeasance Obligations” means the Federal Securities listed in clause (a) of the definition thereof.

“Depository” means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository pursuant to Section 2.10.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“District” means the San Juan Water District, a community services district organized and existing under the Constitution and laws of the State, and any successor thereto.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agent” means MUFG Union Bank, N.A., as escrow bank.

“Escrow Agreement” means the Escrow Deposit and Trust Agreement, dated as of _____ 1, 2017, by and between the District and the Escrow Agent.

“Event of Default” means any of the events described in Section 8.01.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means, with respect to the Bonds: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; or (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America; specifically:

U.S. Treasury Obligations,
all direct or fully guaranteed obligations,
Farmers Home Administration,
General Services Administration,

Guaranteed Title IX financing,
Government National Mortgage Association (GNMA), and
State and Local Government Series.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30.

“Improvement” means any addition, extension, improvement, equipment, machinery or other facilities to or for the Water System.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof.

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants appointed and paid by the District, and who, or each of whom-

- (a) is in fact independent and not under domination of the District;
- (b) does not have any substantial identity of interest, direct or indirect, with the District; and
- (c) is not and no member of which is connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“Independent Consultant” means any financial or engineering consultant (including without limitation any Independent Certified Public Accountant) with an established reputation in the field of municipal finance or firm of such consultants appointed and paid by the District, and who, or each of whom-

- (a) is in fact independent and not under domination of the District;
- (b) does not have any substantial identity of interest, direct or indirect, with the District; and
- (c) is not and no member of which is connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

“Information Services” means in accordance with then-current guidelines of the Securities and Exchange Commission, the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>), or such service or services as the District may designate in a certificate delivered to the Trustee.

[“Insurer” means _____, or any successor thereto, as issuer of the Reserve Policy.]

“Interest Payment Date” means, with respect to the 2017 Bonds, February 1 and August 1 in each year, beginning _____ 1, 20__, and with respect to any Parity Debt, any date on

which interest is due and payable thereon, and continuing so long as any Bonds or Parity Debt remain Outstanding.

“Interest Requirement” means, as of any particular date of calculation, the amount equal to any unpaid interest then due and payable, plus an amount that will on the next succeeding Interest Payment Date be equal to the interest to become due and payable on all Outstanding Bonds on such next succeeding Interest Payment Date.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

“Operation and Maintenance Costs” means (1) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, including, but not limited to, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Bonds or of this Indenture or any Parity Debt Instrument or of any resolution or indenture authorizing the issuance of any Parity Debt or of such Parity Debt, and (2) costs spent or incurred in the purchase of water, including, but not limited to, water purchased under the Water Contract; but excluding in all cases (y) depreciation, replacement and obsolescence charges or reserves therefor and (z) amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges.

“Original Purchaser” means Piper Jaffray & Co., as the first purchaser of the 2017 Bonds.

“Outstanding”, when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 7.03) all Bonds theretofore executed, issued and delivered by the District under this Indenture except -

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the District pursuant to this Indenture or any Parity Debt Instrument.

“Owner” or “Bond Owner” or “Bondowner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Registration Books.

“Parity Debt” means (a) 2017 Bonds, (b) the 2003 Agreement, and (b) any indebtedness or other obligations (including leases and installment sale agreements, bonds or contracts) hereafter issued or incurred and secured by a pledge of and lien upon any of the Net Revenues issued or incurred in compliance with Section 3.05.

“Parity Debt Instrument” means the resolution, trust indenture or installment sale agreement or other evidence of indebtedness adopted, entered into or executed and delivered by the District, and under which Parity Debt is issued.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Principal Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 9.10, provided that for purposes of payment, cancellation, surrender, redemption, exchange and transfer of Bonds, such term means the corporate trust office of the Trustee in Los Angeles, California or such other or additional offices as may be designated by the Trustee from time to time.

“Principal Payment Date” means the date on which principal payments are required to be made with respect to the 2017 Bonds pursuant to Section 2.01 or any other Bonds pursuant to the applicable Supplemental Indenture.

“Project” means any additions, betterments, extensions or improvements to the District’s facilities designated by the Board as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Bonds or other Parity Debt.

“Rate Stabilization Fund” means the fund by that name established and held by the District pursuant to Section 4.07.

“Record Date” means the fifteenth (15th) calendar day of the month immediately preceding an Interest Payment Date or, with respect to any Parity Debt, any other date established in the applicable Parity Debt Instrument.

“Redemption Account” means the Account by that name established and held by the Trustee pursuant to Section 4.03.

“Redemption Price” means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Indenture.

“Request of the District” means a request in writing signed by an Authorized Official, or by any other officer of the District duly authorized by the Board for that purpose.

["Reserve Fund"] means the fund by that name established in Section 3.03.]

["Reserve Policy"] means the Municipal Bond Debt Service Reserve Account Policy No. _____ issued by Insurer guaranteeing payments to be applied to the payment of principal and interest on the Bonds as provided in such policy, for the credit of the Reserve Fund.]

["Reserve Requirement"] means the amount of \$ _____.]

["Revenue Fund"] means the fund by that name held by the District pursuant to Section 4.02 hereof.

["Revenues"] means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges or other moneys derived by the District from the sale, furnishing and supply of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System,

(2) the proceeds of any stand-by or water availability charges, development fees and connection charges collected by the District,

(3) all amounts received as the District's share of Placer County and Sacramento County levy of the 1% property tax, and

(4) the earnings on and income derived from the investment of amounts described in clauses (1) and (2) above and from District reserves;

but excluding:

(x) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and

(y) any proceeds of the taxes or assessments restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued.

["S&P"] means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

["Securities Depositories"] means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in writing to the Trustee.

“Serial Bonds” means all Bonds other than Term Bonds.

“Series” when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to Sections 2.02, 2.05, 2.06, 2.07, 2.09 and 7.04, or similar sections pertaining to Bonds other than the 2017 Bonds.

“Sinking Fund Installment” means, with respect to any particular date, the amount of money required by this Indenture to be paid by the District on such date toward the retirement of any particular Term Bonds prior to their respective stated maturities.

“State” means the State of California.

“Supplemental Indenture” means any supplement or amendment to this Indenture which complies with the provisions of Section 7.01 or 7.02.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Tax Regulations” means temporary and permanent regulations promulgated under the Tax Code.

“Term Bonds” means, with respect to any Bonds, such Bonds which are payable prior to their stated maturity by operation of Sinking Fund Installments.

“Trustee” means MUFG Union Bank, N.A., appointed by the District to act as trustee hereunder pursuant to Section 6.01, and its assigns or any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01.

“2003 Agreement” means the Installment Purchase Agreement, dated as of May 1, 2003 between the District and the Corporation, as amended by Amendment No. 1 to Installment Purchase Agreement, dated as of April 1, 2012, between the District and the Corporation.

“2009 Agreement” means the Installment Purchase Agreement, dated as of June 1, 2009 between the District and the Corporation.

“2009 Certificates” means the \$30,510,000 original principal amount of Revenue Certificates of Participation, Series 2009A executed and delivered by the 2009 Trustee pursuant to a Trust Agreement, dated as of June 1, 2009, between the District, the Corporation and the 2009 Trustee.

“2009 Trustee” means Union Bank, N.A. (now known as MUFG Union Bank, N.A.), as trustee.

“2017 Bonds” means the \$_____ San Juan Water District Water Revenue Refunding Bonds, Series 2017, issued and at any time Outstanding hereunder.

“Water Contract” means the contract between the United States and San Juan Suburban Water District Providing for Water Service, dated June 19, 1962, by and between the United States and the District, as it may from time to time be amended or supplemented in accordance with its terms.

“Water Service” means the water distribution service made available or provided by the Water System.

“Water System” means the whole and each and every part of the water system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or electric facilities or any part thereof hereafter acquired or constructed, and excluding any water system acquired through merger, consolidation or similar action, to the extent the exclusion of such acquired water system is required pursuant to the term of such merger, consolidation or similar action.

SECTION 1.02. Rules of Construction. All references in this Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

SECTION 1.03. Authorization and Purpose of 2017 Bonds. The District has reviewed all proceedings heretofore taken relative to the authorization of the 2017 Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the 2017 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the District is now authorized, under the Constitution and laws of the State and pursuant to the Bond Law and each and every requirement of law, to issue the 2017 Bonds in the manner and form provided in this Indenture. Accordingly, the District hereby authorizes the issuance of the 2017 Bonds pursuant to the Bond Law and this Indenture for the purposes specified in this Indenture.

SECTION 1.04. Equal Security. In consideration of the acceptance of the 2017 Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the District, the Trustee and the Owners from time to time of the 2017 Bonds; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Owners of the 2017 Bonds without preference, priority or distinction as to security or otherwise of any of the 2017 Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

ISSUANCE OF 2017 BONDS

SECTION 2.01. Terms of 2017 Bonds. The 2017 Bonds authorized to be issued by the District under and subject to the Bond Law and the terms of this Indenture shall be designated the "San Juan Water District Water Revenue Refunding Bonds, Series 2017", and shall be issued in the original principal amount of _____ Dollars (\$_____).

The 2017 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof, so long as no 2017 Bond shall have more than one maturity date. The 2017 Bonds shall mature on February 1 in each of the years and in the amounts, and shall bear interest at the rates, as follows:

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
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Interest on the 2017 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check or draft of the Trustee mailed by first class mail to the Owner or, at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, by wire transfer, at the address of such Owner as it appears on the Bond Registration Books. In the event there exists a default in payment of interest due on such Interest Payment Date, such interest shall be payable on a payment date established by the Trustee to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered Owners of the Bonds not less than 15 days preceding such special record date. Principal of and premium (if any) on any 2017 Bond shall be paid upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee in San Francisco, California. Both the principal of and interest and premium (if any) on the 2017 Bonds shall be payable in lawful money of the United States of America.

The 2017 Bonds shall be dated the Closing Date and bear interest based on a 360-day year comprised of twelve 30-day months from the Interest Payment Date next preceding the date of authentication thereof, unless said date of authentication is an Interest Payment Date, in which event such interest is payable from such date of authentication, and unless said date of authentication is prior to _____ 15, 20__, in which event such interest is payable from the Closing Date; provided, however, that if, as of the date of authentication of any 2017 Bond, interest thereon is in default, such 2017 Bond shall bear interest from the date to which interest has previously been paid or made available for payment thereon in full.

SECTION 2.02. Redemption of 2017 Bonds.

(a) Optional Redemption.

The 2017 Bonds maturing on or before February 1, 20__ shall not be subject to optional redemption prior to maturity. The 2017 Bonds maturing on or after February 1, 20__ shall be subject to redemption prior to their respective maturity dates, at the option of the District, as a whole, or in part, as determined by the District, on any date on or after February 1, 20__, from any source of available funds, at a Redemption Price equal to the principal amount of the 2017 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption.

The District shall be required to give the Trustee written notice of its intention to redeem 2017 Bonds under this subsection (a) at least sixty (60) days prior to the date fixed for redemption (or such later date that is acceptable to the Trustee).

(b) Mandatory Sinking Fund Redemption of Term Bonds. The 2017 Bonds maturing on February 1, _____ and February 1, _____ are Term Bonds subject to mandatory redemption in whole, or in part by lot, from Sinking Fund Installments made under Section 4.04(b), at a Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on February 1 in the years as set forth in the following tables:

Term Bonds Maturing February 1, 20__

Sinking Fund Redemption Date (February 1)	Principal Amount
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\$

(maturity)

Term Bonds Maturing February 1, 20__

Sinking Fund Redemption Date (February 1)	Principal Amount
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(maturity)

If some but not all of the 2017 Bonds that are Term Bonds have been redeemed under subsection (a) or (c) of this Section, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of such 2017 Bonds that are Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the District, which shall notify the Trustee in writing of such determination.

(c) Extraordinary Redemption from Net Proceeds. The 2017 Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date, as determined by the District, from Net Proceeds, upon the terms and conditions of, and as provided for in Section 5.06(b) or Section 5.07, as applicable, at a Redemption Price equal to the principal amount of the 2017 Bonds to be redeemed, without premium, plus accrued interest thereon to the date fixed for redemption.

The District shall be required to give the Trustee written notice of its intention to redeem 2017 Bonds under this subsection (c) at least sixty (60) days prior to the date fixed for redemption (or such later date that is acceptable to the Trustee).

(d) Additional Bonds. Any Parity Debt issued pursuant to Section 3.05 of this Indenture may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof and accrued interest thereon plus such premium or premiums, if any, as may be determined by the District in the applicable Parity Debt Instrument.

(e) Notice of Redemption. Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of the District, by the Trustee by mailing a copy of a redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds. Any such notice also shall be given to the Securities Depositories and the Information Services on the same date that it is given to the Owner of the Bonds.

(f) Contents of Notice. All notices of redemption shall be dated and shall state:

- (i) the CUSIP numbers of all Outstanding Bonds being redeemed;
- (ii) the stated interest rate with respect to each Bond being redeemed;
- (iii) the maturity date of each Bond being redeemed;

(iv) the Redemption Price;

(v) that on the redemption date the Redemption Price will become due and payable with respect to each such Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date; and

(vi) the place or places where such Bonds are to be surrendered for payment of the Redemption Price, which places of payment may include the Principal Corporate Trust Office of the Trustee.

(g) Right to Rescind; Cancellation. The District shall have the right to rescind any redemption pursuant to Section 2.02(a) or (c) by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Outstanding Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

(h) Consequences of Notice. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to have interest accrue thereon. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Trustee at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal. All Bonds which have been redeemed shall be cancelled and destroyed by the Trustee and shall not be redelivered. Neither the failure of any Bond Owner to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for redemption of any Bonds nor the cessation of accrual of interest thereon.

(i) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(j) Manner of Redemption. Whenever any Bonds are to be selected for redemption, the Trustee shall determine, by lot, the numbers of the Bonds to be redeemed, and shall notify the District thereof.

All 2017 Bonds redeemed pursuant to this Section and all 2017 Bonds purchased by the District pursuant to this subsection shall be cancelled and destroyed pursuant to Section 9.08.

SECTION 2.03. Form of 2017 Bonds. The 2017 Bonds, the Trustee's certificate of authentication, and the assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached hereto and by this reference incorporated herein, with

necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

SECTION 2.04. Execution of 2017 Bonds. The 2017 Bonds shall be signed in the name and on behalf of the District with the manual or facsimile signatures of an Authorized Official and attested by the manual or facsimile signature of its Board Secretary under the seal of the District. Such seal may be in the form of a facsimile of the District's seal and shall be imprinted or impressed upon the 2017 Bonds. The 2017 Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the 2017 Bonds shall cease to be such officer before the 2017 Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the District, such 2017 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though the individual who signed the same had continued to be such officer of the District. Also, any 2017 Bond may be signed on behalf of the District by any individual who on the actual date of the execution of such 2017 Bond shall be the proper officer although on the nominal date of such 2017 Bond such individual shall not have been such officer.

Only such of the 2017 Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the 2017 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.05. Transfer of 2017 Bonds. Any 2017 Bond may, in accordance with its terms, be transferred upon the Bond Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2017 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any 2017 Bond shall be surrendered for transfer, the District shall execute and the Trustee shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. No 2017 Bonds the notice of redemption of which has been mailed pursuant to Section 2.02(e) shall be subject to transfer pursuant to this Section.

SECTION 2.06. Exchange of 2017 Bonds. 2017 Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee, for 2017 Bonds of the same tenor and maturity and of other authorized denominations. No 2017 Bonds the notice of redemption of which has been mailed pursuant to Section 2.02(d) shall be subject to exchange pursuant to this Section.

SECTION 2.07. Temporary Bonds. The 2017 Bonds may be issued initially in temporary form exchangeable for definitive 2017 Bonds when ready for delivery. The temporary 2017 Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary 2017 Bond shall be executed by the District and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive 2017 Bonds. If the District issues temporary 2017 Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary 2017 Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive 2017 Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled

to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 2.08. Bond Registration Books. The Trustee will keep or cause to be kept at its trust office sufficient Bond Registration Books for the registration and transfer of the Bonds, which shall at all times during regular business hours, and upon reasonable notice, be open to inspection by the District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

SECTION 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the District. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the District, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The District may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses which may be incurred by the District and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the District whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

SECTION 2.10. Book Entry System.

(a) Original Delivery. The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered on the Bond Registration Books maintained by the Trustee pursuant to Section 2.08 hereof in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on such Bond Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the District holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the District elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or

any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The District and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest represented by such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the District to make payments of principal, interest and premium, if any, pursuant to this Trust Indenture. Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the District shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the District may take any other actions, not inconsistent with this Trust Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. In the event that either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the District determines to terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the District and the Trustee in the execution of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the District fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

In the event the District determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will execute, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the

Trustee and the District shall cooperate with the Depository in taking appropriate action (y) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (z) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Trust Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

ARTICLE III

ISSUE OF 2017 BONDS; PARITY DEBT

SECTION 3.01. Issuance of 2017 Bonds. Upon the execution and delivery of this Indenture, the District shall execute and deliver 2017 Bonds in the aggregate principal amount of _____ Dollars (\$_____) to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the District.

SECTION 3.02. Application of Proceeds of Sale of 2017 Bonds and Other Moneys; Bond Proceeds Fund. On the Closing Date, the Trustee shall apply the proceeds of the sale of the 2017 Bonds received or deemed to have been received from the Original Purchaser on the Closing Date, being an amount equal to \$_____ (being an amount equal to the par amount of the 2017 Bonds (\$_____) plus net original issue premium of \$_____, and less an Underwriter's discount of \$_____), as follows. [At the request of the District, on the Closing Date the Underwriter will wire the Reserve Policy premium of \$_____ to the Insurer.] As a result, the net amount to be wired to the Trustee will be \$_____, whereupon the Trustee shall deposit such proceeds into the Bond Proceeds Fund, which is hereby established as a separate fund to be held by the Trustee in trust.

The Trustee shall apply moneys in the Bond Proceeds Fund as follows:

(a) The Trustee will deposit the amount of \$_____ in the Costs of Issuance Fund; and

(b) The Trustee will transfer the amount of \$_____ to the Escrow Agent for deposit into the escrow fund established under the Escrow Agreement to pay and prepay the District's obligations under the 2009 Agreement.

The Trustee may, in its discretion, establish one or more temporary funds or accounts to account for or facilitate the foregoing transfers and deposits.

[In addition, the Trustee shall credit the Reserve Policy to the Reserve Fund in satisfaction of the Reserve Requirement for the 2017 Bonds.]

(c) Closing the Bond Proceeds Fund. After making the transfers from the Bond Proceeds Fund described in Section 3.02(a) and (b), and after transferring any moneys that remain in the Bond Proceeds Fund to the Debt Service Fund, the Trustee shall close the Bond Proceeds Fund.

[SECTION 3.03. Reserve Fund. The Trustee shall establish and maintain a separate fund to be known as San Juan Water District Water Revenue Refunding Bonds, Series 2017, Reserve Fund (the "Reserve Fund"), which shall be administered as provided in Section 4.05 hereof.]

SECTION 3.04. Cost of Issuance Fund. There is hereby created a fund to be known as the "San Juan Water District Water Revenue Refunding Bonds, Series 2017, Cost of Issuance Fund," which is hereby established shall be held in trust by the Trustee. The moneys in the Cost of Issuance Fund shall be used in the manner provided by law solely for the purpose of the payment of Costs of Issuance upon receipt by the Trustee of one or more Requests of the

District therefor, on or after the Closing Date, in the form of Exhibit B. Any funds remaining in the Cost of Issuance Fund on _____ 1, 2017, shall be transferred by the Trustee to the Debt Service Fund, and thereupon the Cost of Issuance Fund shall be closed.

SECTION 3.05. Issuance of Parity Debt. In addition to the 2017 Bonds, the District may at any time execute or issue any Bonds or other Parity Debt, as the case may be, in accordance herewith; provided:

(1) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adopting by the Board of the resolution authorizing the issuance or execution of such Bonds or other Parity Debt, as the case may be, shall have produced a sum equal to at least one hundred fifteen per cent (115%) of the Debt Service for such twelve month period; and

(2) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of the execution of such Parity Debt or the date of adoption by the Board of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for water service approved and in effect as of the date of calculation, shall have produced a sum equal to at least one hundred fifteen per cent (115%) of the Debt Service for such twelve month period plus the Debt Service which would have accrued on any Parity Debt or Bonds executed or issued since the end of such twelve month period assuming such Parity Debt had been executed or Bonds had been issued at the beginning of such twelve month period plus the Debt Service which would have accrued had such Parity Debt been executed or Bonds been issued at the beginning of such twelve month period; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project to be financed from proceeds of such Parity Debt or Bonds, as evidenced by a certificate of the General Manager on file with the District, including (after giving effect to the completion of all such uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the General Manger on file with the District, shall produce a sum equal to at least one hundred fifteen per cent (115%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Parity Debt and issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects within such Fiscal Years, assuming that all such Parity Debt and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Debt last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Projects.

Notwithstanding the foregoing, Bonds issued or Parity Debt executed to refund Bonds or Parity Debt may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Parity Debt is executed is not greater than Debt Service would have been in each such Fiscal Year prior to the issuance of such Bonds or execution of such Parity Debt.

SECTION 3.06. Subordinate Bonds. Nothing in this Indenture shall prohibit or impair the District to issue bonds or other obligations secured by a lien on Revenues or Net Revenues which is subordinate to the lien established hereunder, upon such terms and in such principal amounts as the District may determine.

SECTION 3.07. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the District in connection with the Water System, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

PLEDGE OF REVENUES; FUNDS AND ACCOUNTS

SECTION 4.01. Pledge of Revenues. All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Bonds as provided herein and the Revenues shall not be used for any other purpose while any of the Bonds remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a first and exclusive lien on Revenues, the Revenue Fund and the other funds and accounts created hereunder for the payment of the 2017 Bonds and all other Parity Debt and Bonds in accordance with the terms hereof. Notwithstanding anything to the contrary in this Indenture, the District's obligations with respect to the 2017 Bonds are intended to be, and shall be, parity with its obligations under the 2003 Agreement.

SECTION 4.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund the District previously established pursuant to the 2003 Agreement and which the District agrees and covenants to maintain and hold separate and apart from other funds so long as any Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in this Indenture and any Parity Debt Instrument.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable. All remaining moneys in the Revenue Fund shall be set aside by the District at the following times and in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section:

(a) Debt Service Funds. On or before each Interest Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Debt Service Fund (i) an amount equal to the aggregate amount of interest to become due and payable on all Outstanding 2017 Bonds on the next succeeding Interest Payment Date, plus (ii) if the applicable Interest Payment Date is also a Principal Payment Date, an amount equal to the aggregate amount of principal (including any Sinking Fund Installments) becoming due and payable on all Outstanding 2017 Bonds on the next succeeding Principal Payment Date. The District shall also, from moneys in the Revenue Fund, transfer to the Trustee (or other party as appropriate relative to each Parity Debt) for deposit in the debt service fund created for each issue of Parity Debt (or if no debt service fund was created for an issue of Parity Debt, otherwise set-aside for the payment of Parity Debt), without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the Parity Debt Instrument relating thereto.

Any moneys on deposit in the Debt Service Fund on each Interest Payment Date (other than amounts required for payment of past due principal or interest with respect to any 2017 Bonds not presented for payment) shall be credited to the payment of the 2017 Bonds due and

payable on such date. No deposit need be made in the Debt Service Fund if the amount in the Debt Service Fund is at least equal to the amount of debt service due and payable on the next succeeding Interest Payment Date.

(b) Reserve Funds. After making the payments, allocations and transfers provided for above in this Section, if the balance on hand in the Reserve Fund for the 2017 Bonds or a reserve account for any issue of Parity Debt is less than the Reserve Requirement or the reserve requirement applicable to such Parity Debt, such deficiency (or payment due to the provider of a reserve policy or surety) shall be restored by transfers from the first moneys which become available in the Revenue Fund to the appropriate party to replenish the Reserve Fund, repay the provider of a reserve policy or surety, or to satisfy a reserve requirement established for any issue of Parity Debt, on a pro rata basis, without any discrimination or preference.

(c) Surplus. Moneys on deposit in the Revenue Fund not necessary to make any of the payments required above may be expended by the District at any time for any purpose permitted by law.

(d) Deficiency. If amounts in the Revenue Fund are insufficient to make the transfers described in (a) and (b) above, in full, the District shall transfer amounts in the Revenue Fund: (i) to the Trustee for deposit in the Debt Service Fund for the Outstanding 2017 Bonds, and (ii) to the Trustee (or other party as appropriate relative to each Parity Debt) for deposit in the debt service funds created (or other location set forth in a Parity Debt Instrument) for each issue of Parity Debt, on a pro rata basis, without any discrimination or preference. Such deficiency shall be corrected by transfers from the first moneys which become available as Net Revenues, on a pro rata basis, without any discrimination or preference.

SECTION 4.03. Establishment of Debt Service Fund and Redemption Account The Debt Service Fund, as a special fund, and the Redemption Account, as a special account therein, are hereby created. The Debt Service Fund and the Redemption Account therein shall be held and maintained by the Trustee in trust hereunder.

SECTION 4.04. Application of Debt Service Fund.

(a) The Trustee shall withdraw from the Debt Service Fund, prior to each Interest Payment Date, an amount equal to the Interest Requirement payable on such Interest Payment Date, and shall cause the same to be applied to the payment of said interest when due and is hereby authorized to apply the same to the payment of such interest.

(b) The Trustee shall withdraw from the Debt Service Fund, prior to each Principal Payment Date, an amount equal to the principal amount due on said Principal Payment Date (including any Sinking Fund Installments due and payable on said Principal Payment Date), and shall cause the same to be applied to the payment of such principal.

(c) All withdrawals and transfers under the provisions of subsection (a) or subsection (b) of this Section shall be made not earlier than one (1) day prior to the Interest Payment Date or Principal Payment Date to which they relate, and the amount so withdrawn or transferred shall, for the purposes of this Indenture, be deemed to remain in and be part of the appropriate fund or account until such Interest Payment Date or Principal Payment Date.

SECTION 4.05. Reserve Fund.

[[The Reserve Requirement for the 2017 Bonds shall be satisfied by the delivery of the Reserve Policy by the Insurer to the Trustee on the Closing Date. The Trustee shall draw on the Reserve Policy in accordance with its terms and conditions and the terms of this Indenture.]]

The amounts available under the Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Debt Service Fund for payment of the 2017 Bonds (and not any Parity Debt), in the event of any deficiency at any time in such fund.

The Trustee shall comply with all documentation relating to the Reserve Policy as shall be required to maintain the Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this Section 4.05.

The District shall have no obligation to replace the Reserve Policy or to fund the Reserve Fund with cash or any other security if, at any time that the 2017 Bonds are Outstanding, amounts are not available under the Reserve Policy.

With respect to the Reserve Policy, notwithstanding anything to the contrary set forth herein, the District and the Trustee agree to comply with the following provisions:

[[Reserve Policy Provisions, if applicable]]

SECTION 4.06. Application of Redemption Account. On or before the date which is at least one day prior to any date on which 2017 Bonds are subject to redemption pursuant to Section 2.02(a) or (c), the District shall transfer from the Revenue Fund to the Trustee for deposit in the Redemption Account, which the Trustee shall then establish if not already opened, an amount at least equal to the Redemption Price (excluding accrued interest, which is payable from the Debt Service Fund) of such 2017 Bonds to be redeemed on such date. In addition, the District shall transfer to the Trustee for deposit in the Redemption Account, which the Trustee shall then establish if not already opened, all amounts required to redeem any 2017 Bonds which are subject to redemption pursuant to Section 2.02(a) or (c), when and as such amounts become available. Amounts in the Redemption Account shall be applied by the Trustee solely for the purpose of paying the Redemption Price of 2017 Bonds to be redeemed pursuant to Sections 2.02(a) or 2.02(c). If after all of the 2017 Bonds have been paid or deemed to have been paid, there are moneys remaining in the Redemption Account, such moneys shall be transferred by the Trustee to the District for deposit in the Revenue Fund.

SECTION 4.07. Establishment of Rate Stabilization Fund. The District has previously established a rate stabilization fund, also known as the "Rate Stabilization Reserve" (the "Rate Stabilization Fund"). The District agrees and covenants to maintain and hold separate and apart from other funds and to administer such Rate Stabilization Fund in accordance with this Section 4.07, for the purpose of stabilizing the rates and charges imposed by the District with respect to the Water System. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Bonds and any Parity Debt, as the District may determine.

The District may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Revenue Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Revenue Fund shall constitute Revenues for

such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Revenue Fund. Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Bonds or any Parity Debt. All interest or other earnings on deposits in a Rate Stabilization Fund shall be withdrawn therefrom at least annually and accounted for as Revenues in the Revenue Fund. The District has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

SECTION 4.08. Investments. All moneys in the Revenue Fund and the Rate Stabilization Fund may be invested by the District from time to time in any investments authorized by law, consistent with the District's investment policy.

All moneys in the Debt Service Fund, Redemption Account and Cost of Issuance Fund shall be invested by the Trustee solely in Authorized Investments, as directed pursuant to a Request of the District. In the absence of any such Request of the District, the Trustee will invest any such moneys in money market funds whose investments are restricted to Federal Securities, provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the District specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, and all interest or gain derived from the investment of amounts in any of the Funds or Accounts established hereunder shall be deposited in the Fund or Account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder with the written approval of the District. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment, and shall be entitled to its customary fees therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

The Trustee shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the District. Upon the District's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 4.09. Valuation; Investments.

In computing the amount in any Fund or Account, Authorized Investments shall be valued at Fair Market Value. With respect to all Funds and Accounts, valuation shall occur annually.

Except as otherwise provided in the following sentence, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the 2017 Bonds (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable

provisions of the Tax Code shall be valued at their present value (within the meaning of section 148 of the Tax Code).

ARTICLE V

COVENANTS OF THE DISTRICT; SPECIAL TAX COVENANTS

SECTION 5.01. Punctual Payment; Compliance With Documents. The District shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Parity Debt Instruments.

SECTION 5.02. Against Encumbrances. The District will not mortgage or otherwise encumber, pledge or place any charge upon the Water System or any part thereof, or upon any of the Net Revenues, except as provided in the Indenture.

SECTION 5.03. Discharge of Claims. The District covenants that in order to fully preserve and protect the priority and security of the Bonds the District shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Water System which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. The District shall also pay from the Net Revenues all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Water System or upon any part thereof or upon any of the Net Revenues therefrom.

SECTION 5.04. Acquisition, Construction or Financing of Improvements to the Water System. The District will acquire, construct, or finance Improvements to the Water System to be financed with the proceeds of any Bonds or other Parity Debt with all practicable dispatch, and such Improvements will be made in an expeditious manner and in conformity with laws so as to complete the same as soon as possible.

SECTION 5.05. Maintenance and Operation of Water System in Efficient and Economical Manner. The District covenants and agrees to maintain and operate the Water System in an efficient and economical manner and to operate, maintain and preserve the Water System in good repair and working order.

SECTION 5.06. Against Sale, Eminent Domain.

(a) The District will not sell, lease or otherwise dispose of the Water System or any part thereof essential to the proper operation of the Water System or to the maintenance of the Net Revenues except as herein expressly permitted. The District will not enter into any lease or agreement which impairs the operation of the Water System or any part thereof necessary to secure adequate Net Revenues for the payment of the interest on and principal or Redemption Price, if any, on the Bonds, or which would otherwise impair the rights of the Owners with respect to the Net Revenues or the operation of the Water System. Any real or personal property which has become non-operative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has worn out, may be sold if such sale will not impair the ability of the District to pay the Bonds and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement

cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

(b) If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(i) If (1) the District files with the Trustee a certificate showing (A) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (B) a general description of the additions, betterments, extensions or improvements to the Water System proposed to be acquired and constructed by the District from such Net Proceeds, and (C) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

(ii) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the redemption of the 2017 Bonds as provided in Section 2.03(c) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt in the same proportion which the aggregate unpaid principal balance of 2017 Bonds then bears to the aggregate unpaid principal amount of such Parity Debt.

SECTION 5.07. Insurance. The District covenants that it shall at all times maintain such insurance on the Water 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. 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 District, or may be in the form of self-insurance by the District. The District shall establish such fund or funds or reserves as it determines, in its sole judgment, are necessary to provide for its share of any such self-insurance.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the redemption in part of 2017 Bonds as provided in Section 2.02(c) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt in the same proportion which the aggregate unpaid

principal balance of 2017 Bonds then bears to the aggregate unpaid principal amount of such Parity Debt. If such Net Proceeds are sufficient to enable the District to retire all of the 2017 Bonds prior to the final due date of the 2017 Bonds as well as the entire amount of Parity Debt then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the redemption of the 2017 Bonds and to the retirement of such Parity Debt.

SECTION 5.08. Records and Accounts. The District covenants that it shall keep proper books of record and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Water System. Said books shall, upon reasonable request, be subject to the inspection of the Owners of not less than ten percent (10%) of the Outstanding Bonds or their representatives authorized in writing.

The District covenants that it will cause the books and accounts of the Water System to be audited annually by an Independent Certified Public Accountant and will make available for inspection by the Bond Owners at the office of the Trustee in San Francisco, California, upon reasonable request, a copy of the report of such Independent Certified Public Accountant.

The District covenants that it will 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 the Bonds, the disbursements from the Revenues and other funds in reasonable detail. The District shall furnish a copy of the statement to the Trustee, and upon written request, to any Bond Owner.

SECTION 5.09. Protection of Security and Rights of Owners. The District will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Parity Debt by the District, such Parity Debt shall be incontestable by the District.

SECTION 5.10. Against Competitive Facilities. The District will not acquire, construct, operate or maintain the Water System or utility within the service area of the District that would be competitive with the Water System.

SECTION 5.11. Payment of Taxes, Etc. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System or any part thereof or upon any Revenues when the same shall become due. The District will duly observe and conform with all valid requirements of any governmental authority relative to the Water System or any part thereof, and will 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 the Water System.

SECTION 5.12. Rates and Charges. The District shall, to the maximum extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not

reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

For the purpose of computing the amount of Revenues for any Fiscal Year or the amount of Net Revenues for any Fiscal Year for purposes of the preceding paragraph, the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund for purposes of such computation (except that amounts that were transferred into the Rate Stabilization Fund from Revenues received by the District in such Fiscal Year shall not be double-counted), and such transfers may be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year.

SECTION 5.13. No Priority for Additional Obligations. The District covenants that no additional bonds or other obligations shall be issued or incurred having any priority in payment of principal or interest out of the Net Revenues over the Bonds.

SECTION 5.14. No Arbitrage. The District shall not take, nor permit nor suffer to be taken any action with respect to the proceeds of any of the 2017 Bonds which would cause any of the Bonds to be “arbitrage bonds” within the meaning of the Tax Code.

SECTION 5.15. Information Report. The Finance Director is hereby directed to assure the filing of an information report for the 2017 Bonds in compliance with Section 149(e) of the Tax Code.

SECTION 5.16. Private Activity Bond Limitation. The District shall assure that the proceeds of the 2017 Bonds are not so used as to cause the 2017 Bonds to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

SECTION 5.17. Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2017 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Tax Code.

SECTION 5.18. Further Assurances. The District will 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 or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in this Indenture.

SECTION 5.19. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

SECTION 5.20. Rebate Requirement. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2017 Bonds.

SECTION 5.21. Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the 2017 Bonds from the gross income of the Owners of the 2017 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2017 Bonds.

ARTICLE VI
THE TRUSTEE

SECTION 6.01. Appointment of Trustee. MUFG Union Bank, N.A., with an office in San Francisco, California, a banking association organized and existing under and by virtue of the laws of the United States of America, is hereby appointed Trustee by the District for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The District agrees that it will maintain a Trustee having a corporate trust office in California, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

SECTION 6.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent and reasonable man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers but shall be answerable for the selection of the same in accordance with the standard specified above, and shall be entitled to rely conclusively on advice of counsel of its choice concerning all matters of trust and its duty hereunder.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds, or for the validity of this Indenture or any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the District hereunder. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 4.08.

(d) The Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered hereunder. The Trustee may become the Owner of Bonds secured

hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in principal amount of the Bonds then Outstanding.

(e) In the absence of bad faith on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Bond Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the District as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a Certificate of the District to the effect that an authorization in the form therein set forth has been adopted by the District, as conclusive evidence that such authorization has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct as finally determined by a court of competent jurisdiction. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the District to make any of the payments to the Trustee required to be made by the District pursuant hereto or failure by the District to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the District or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Water System, including all books, papers and records of the District pertaining to the Water System and the Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing the right of the District to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.03 the Trustee may require that an indemnity bond satisfactory in terms and amount be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is finally adjudicated by a court of competent jurisdiction to have been caused solely by its own negligence or willful misconduct in connection with any such action. The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as it may agree to in writing.

SECTION 6.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively.

SECTION 6.04. Notice to Bond Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds, of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the District to make any payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

SECTION 6.05. Intervention by Trustee. In any judicial proceeding to which the District is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02 hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

SECTION 6.06. Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, and the District may so long as no Event of Default shall have occurred and then be continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee (where applicable), whereupon the District or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01 hereof.

SECTION 6.07. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign by giving thirty (30) days' written notice by registered or certified mail to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the District shall cause notice thereof to be given by first class mail to the Bond Owners at their respective addresses set forth on the Bond Registration Books. No resignation of the Trustee shall take effect until a successor is appointed and has accepted.

SECTION 6.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, the District shall promptly appoint a successor Trustee. In the event the District shall for any reason whatsoever fail to appoint a successor Trustee within forty-five (45) days following the delivery to the Trustee of the instrument described in Section 6.06 or within forty-five (45) days following the receipt of notice by the District pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such forty-five-day period.

Notwithstanding any other provision of this Trust Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed; provided, however, that if for any reason whatsoever no successor Trustee shall have been appointed within 45 days following receipt of notice by the District pursuant to Section 6.07 above, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee which meets the requirements of Section 6.01 hereof.

SECTION 6.09. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 6.01), shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 6.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the District an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Request of the District, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the District be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the District.

SECTION 6.11. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the District be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the District. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

SECTION 6.12. Indemnification; Limited Liability of Trustee. The District shall indemnify and hold the Trustee harmless from and against all claims, losses, costs, expenses, liabilities and damages including legal fees and expenses arising from the exercise and performance of its duties hereunder and the termination of this Indenture. Such indemnity shall survive the resignation or removal of the Trustee hereunder. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it

shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority of the Owners of the principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this Indenture.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THE INDENTURE

SECTION 7.01. Amendment by Consent of Bond Owners. This Indenture and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 7.03 hereof, are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the District to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

SECTION 7.02. Amendment Without Consent of Bondholders. This Indenture and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon execution and delivery, without consent of any Bond Owners, but only to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the District in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the District may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not adversely affect the interests of the Owners of the Bonds;

(c) to provide for the issuance of Parity Debt under Section 3.05, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.05; or

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

SECTION 7.03. Disqualified Bonds. Bonds owned or held by or for the account of the District (but excluding Bonds held in any employees' retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds in this article provided for, and shall not be entitled to consent to, or take any other action in this article provided for.

SECTION 7.04. Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the District may determine that the

Bonds shall bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Corporate Trust Office of the Trustee, a suitable notation as to such action shall be made on such Bond. If the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Principal Corporate Trust Office of the Trustee, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

SECTION 7.05. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond. The Trustee may not enter into any amendment or supplement to this Indenture unless it shall have first received an opinion of Bond Counsel to the effect that such amendment or supplement will not adversely affect the validity or enforceability of the Bonds or adversely affect any exemption for purposes of federal income taxation to which the interest paid on any Bonds would otherwise be entitled and that such amendment or supplement is authorized or permitted by this Indenture and complies with the terms hereof.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

SECTION 8.01. Events of Default and Acceleration of Maturities. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond or Parity Debt when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) Default in the due and punctual payment of any installment of interest on any Bond or Parity Debt when and as such interest installment shall become due and payable;

(c) Default by the District in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in any Parity Debt Instrument or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Trustee; or

(d) The filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

Upon the occurrence of an Event of Default, the Trustee may, and shall at the direction of the owners of a majority of the principal amount of the Bonds, by written notice to the District, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Trustee a sum sufficient to pay all of the principal of and interest on the Bonds having come due prior to such declaration, with interest on such overdue principal and interest calculated at the rate of interest per annum then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee and those of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of the principal of and interest on the Bonds having come due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding may, by written notice to the District and to the Trustee, on behalf of the Owners of all of the Outstanding Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. Application of Funds Upon Acceleration. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid -

First, to the payment of the costs and expenses of the Trustee and of Bond Owners in declaring such Event of Default, including reasonable compensation to their agents, attorneys and counsel, and to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the whole amount then owing and unpaid upon the Bonds and Parity Debt for interest and principal, with interest on such overdue amounts to the extent permitted by law at the rate of interest then borne by the Outstanding Bonds and Parity Debt, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds and Parity Debt, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably in proportion to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.03. Other Remedies; Rights of Bond Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy, in addition to the remedy specified in Section 8.01, at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and indemnified as provided in Section 6.02(I), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

SECTION 8.04. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or

other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.05. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 8.06. Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Net Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Bond Owners, the District and the Bond Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 8.07. Rights and Remedies of Bond Owners. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to

comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.08. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Limited Liability of District. The obligation of the District to pay the Bonds is a special obligation of the District secured by a pledge of Revenues and payable solely from the Net Revenues and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything in this Indenture contained, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the District for such purpose without incurring indebtedness.

SECTION 9.02. Parties Interested Herein. Nothing in this Trust Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Trustee and the Owners any right, remedy or claim under or by reason of this Trust Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Indenture contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee and the Owners.

SECTION 9.03. Discharge of Indenture. If the District shall pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by depositing with a qualified escrow holder, in trust, Defeasance Obligations in such amount as the District (verified by an Independent Certified Public Accountant) shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the Funds and Accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums, if any) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to Section 2.02(e) or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, at the election of the District, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Net Revenues and other funds provided for in this Indenture with respect to such Bonds, and all other pecuniary obligations of the District under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the District to pay or cause

to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Notice of such election shall be filed with the Trustee.

Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the District.

Refunding bonds may be issued at any time without regard to whether an Event of Default exists.

To accomplish defeasance the District shall cause to be delivered (i) a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date ("Verification"), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under this Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the District and the Trustee.

SECTION 9.04. Content of Certificates. Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the District, upon the certificate or opinion of or representations by an officer or officers of the District, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

SECTION 9.05. Execution of Documents by Bond Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the District if made in the manner provided in this Section 9.05.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the

certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be provided by the Bond Registration Books.

Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request, consent or vote.

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the District (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

SECTION 9.06. Waiver of Personal Liability. No officer, agent or employee of the District shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the District (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The District hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 9.08. Destruction of Cancelled Bonds. Whenever in this Indenture provision is made for the surrender to the District of any Bonds which have been paid or cancelled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and furnish to the District a certificate of such destruction.

SECTION 9.09. Funds and Accounts. Any Fund or Account required by this Indenture to be established and maintained by the District or the Trustee may be established and

maintained in the accounting records of the District or the Trustee, as the case may be, either as a Fund or an Account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a Fund or as an Account. All such records with respect to all such Funds and Accounts held by the District shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such Funds and Accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

SECTION 9.10. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by fax or other electronic transmission, addressed as follows:

If to the District: San Juan Water District
9935 Auburn-Folsom Road
P.O. Box 2157
Granite Bay, California 95746
Attention: Finance Director

If to the Trustee: MUFG Union Bank, N.A.
Corporate Trust Services
350 California Street, 11th floor
San Francisco, CA 94104
Fax: 415-273-2492
Email:AccountAdministration-
CorporateTrust@unionbank.com and
CashControlGroup-LosAngeles@unionbank.com

[[If to the Insurer: _____

Attn: _____]]

The parties above may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 9.11. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall, at the Request of the District, be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the District for the payment of such Bonds.

IN WITNESS WHEREOF, the SAN JUAN WATER DISTRICT has caused this Indenture to be signed in its name by its General Manager and attested by its Board Secretary, and MUFG Union Bank, N.A., in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

SAN JUAN WATER DISTRICT

General Manager

Attest:

Board Secretary

MUFG UNION BANK, N.A.,
as Trustee

By _____
Authorized Officer

EXHIBIT A

FORM OF 2017 BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF NAPA

SAN JUAN WATER DISTRICT
WATER REVENUE REFUNDING BOND, SERIES 2017

NO. R-__ \$ _____

INTEREST RATE MATURITY DATE DATED DATE CUSIP

_____ 1, _____ _____, 2017

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: *** _____ DOLLARS***

The San Juan Water District, a community services district organized and existing under the laws of the State of California (the "District"), for value received, will (subject to any right of prior redemption hereinafter provided for), on the Maturity Date specified above, pay to the Registered Owner named above, or registered assigns (the "Owner"), the Principal Amount stated above, in lawful money of the United States of America, and pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to _____ 15, 20__, in which event it shall bear interest from the Dated Date stated above; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Amount in full, at the Interest Rate per annum stated above, payable on February 1 and August 1 in each year, commencing _____ 1, 20__ (each an "Interest Payment Date"), calculated on the basis of a 360-day year comprised of twelve 30-day months.

Principal hereof, whether at maturity or upon early redemption hereof, is payable at the corporate trust office of MUFG Union Bank, N.A. (the "Trustee"), in Los Angeles, California. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Trustee mailed by first class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Trustee as of the close of business on the fifteenth (15th) day of the month next preceding such Interest Payment Date (the "Record Date"); provided, that at the option of any Owner of at least \$1,000,000 aggregate principal amount of the Bonds with respect to which written instructions have been filed with the Trustee prior to the Record Date, such interest may be paid by wire transfer.

This Bond is one of a duly authorized issue of bonds of the District designated as its "Water Revenue Refunding Bonds, Series 2017" (the "Bonds") issued under and pursuant to an Indenture of Trust (the "Indenture") by and between the District and the Trustee, dated as of _____ 1, 2017, and approved by the District by a Resolution, adopted by the Board of Directors of the District on _____, 2017 (the "Resolution"). Copies of the Indenture are on file at the office of the Board Secretary and at the above-mentioned office of the Trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Bond Law is made for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Net Revenues, as that term is defined in the Indenture, and the rights of the Owners of the Bonds. All the terms of the Indenture and the Bond Law are hereby incorporated herein and constitute a contract between the District and the Owner from time to time of this Bond, and to all the provisions thereof the Owner of this Bond, by acceptance hereof, consents and agrees. Each taker and subsequent Owner hereof shall have recourse to all of the provisions of the Bond Law and the Indenture and shall be bound by all of the terms and conditions thereof.

The Bonds are special obligations of the District and are secured by amounts held from time to time in the Debt Service Fund established and held by the Trustee under the Indenture and, subject to certain restrictions set forth in the Indenture, a pledge of and lien on certain Net Revenues (as defined in the Indenture) generated by the District's Water System.

Neither the general fund, the full faith and credit, nor the taxing power of the District, the State of California or any other political subdivision thereof is pledged to the payment of the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the Net Revenues and the amounts in certain funds and accounts held under the Indenture as described therein.

The Bonds maturing on or before February 1, 20__ shall not be subject to optional redemption prior to maturity. The Bonds maturing on or after February 1, 20__ shall be subject to redemption prior to their respective maturity dates, at the option of the District, as a whole, or in part, as determined by the District, on any date on or after ____ 1, 20__, from any source of available funds, at the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date, as determined by the District, from Net Proceeds of insurance or eminent domain proceedings, upon the terms and conditions of, and as provided for in the Indenture, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption.

The Bonds maturing on February 1, 20__ and on February 1, 20__ (collectively, the "Term Bonds"), are subject to mandatory redemption, in part by lot, from sinking fund payments made under the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on February 1 in the respective years as set forth in the following tables:

[to come- sinking fund schedules]

Unless waived by any Owner of Bonds to be redeemed, notice of any redemption of Bonds shall be given, at the expense of the District, by the Trustee by mailing a copy of a redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Registration Books; provided, that neither the failure to receive such notice nor any immaterial defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Bonds. Any notice of an optional redemption may be rescinded as set forth in the Indenture.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

Any Bonds and other Parity Debt issued in accordance with the Indenture may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof and accrued interest thereon plus such premium or premiums, if any, as may be determined by the District in the applicable Parity Debt Instrument.

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Owner hereof, in person, or by his attorney duly authorized in writing, at said office of the Trustee in San Francisco, California, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The District and the Trustee may treat the Owner hereof as the absolute Owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

The Indenture may be amended without the consent of the Owners of the Bonds to the extent set forth in the Indenture.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not become valid or obligatory for any purpose or be entitled to the benefits of the Indenture until the certificate of authentication and registration hereon shall have been manually signed by an authorized officer or signatory of the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the San Juan Water District has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of its General Manager and its seal to be reproduced hereon and attested by the facsimile signature of its Board Secretary, all as of the ____ day of _____, 2017.

SAN JUAN WATER DISTRICT

By _____
General Manager

ATTEST:

By _____
Board Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: _____, 2017

_____,
as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stockbrokers, saving and loan associations and credit unions with membership in an approved signature medallion program) pursuant to Securities and Exchange Agency Rule 17Ad-15.	Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.
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EXHIBIT B
FORM OF COST OF ISSUANCE FUND REQUISITION

\$ _____
SAN JUAN WATER DISTRICT
Water Revenue Refunding Bonds, Series 2017

REQUISITION NO. 1 FOR
DISBURSEMENT FROM COST OF ISSUANCE FUND

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting _____ of the San Juan Water District, a community services district duly organized and validly existing under the Constitution and the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that the undersigned is an "Authorized Official" of the District, as such term is defined in that certain Indenture of Trust, dated as of _____ 1, 2017 (the "Indenture"), by and between the District and MUFG Union Bank, N.A., as trustee (the "Trustee");

(iii) that pursuant to Section 3.04 of the Indenture, the Trustee is hereby requested to disburse this date, from the Cost of Issuance Fund established under the Indenture, upon receipt of an invoice from each of the payees designated on Exhibit A attached hereto and by this reference incorporated herein, the amount set forth in such invoice but no more than the amount set forth opposite each such payee, in payment of Costs of Issuance described on said Exhibit A, and all such payments shall be made by check or wire transfer in accordance with payment instructions contained in Exhibit A or the invoice submitted in accordance therewith and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof;

(iv) that each obligation identified on the attached Exhibit A has been properly incurred, is a proper charge against the Cost of Issuance Fund and has not been the basis of any previous disbursement; and

(v) that attached hereto is an invoice or other evidence supporting the amounts due as identified on Exhibit A.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

Dated: _____, 2017

SAN JUAN WATER DISTRICT

By: _____
Authorized Official

ATTACHMENT 1

**REQUISITION NO. 1 FOR
DISBURSEMENTS FROM COST OF ISSUANCE FUND**

Payee Name and Address

Purpose of Obligation

Amount*

*: Represents a not-to-exceed amount

ESCROW DEPOSIT AND TRUST AGREEMENT

Relating to

SAN JUAN WATER DISTRICT \$35,010,000 REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2009A

This ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement"), dated as of _____ 1, 2017, is by and among the SAN JUAN SUBURBAN WATER DISTRICT FINANCING CORPORATION, a non-profit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), the SAN JUAN WATER DISTRICT, a community services district organized and existing under the laws of the State of California (the "District") and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, acting as 2009 Trustee (defined herein) and escrow agent for the 2009 Installment Payments described below (the "Escrow Agent").

B A C K G R O U N D :

1. The District previously entered into an Installment Purchase Agreement, dated as of June 1, 2009 (the "2009 Agreement") with the Corporation, pursuant to which the District agreed to make certain installment payments in the aggregate principal amount of \$30,510,000 (the "2009 Installment Payments") for the purpose of financing certain improvements to the Water System of the District, and in connection therewith Union Bank, N.A. (now known as MUFG Union Bank, N.A.), as trustee (the "2009 Trustee"), executed and delivered the \$30,510,000 Revenue Certificates of Participation, Series 2009A (the "2009 Certificates"), pursuant to a Trust Agreement, dated as of June 1, 2009, between the District, the Corporation and the 2009 Trustee (the "2009 Trust Agreement").
2. The 2009 Certificates maturing on or after February 1, 2020 are subject to redemption, at the option of the District, on any date on or after February 1, 2019, as a whole or in part, from prepayments of the 2009 Installment Payments, without premium.
3. In order to take advantage of prevailing bond market conditions, the District desires to refinance and prepay all of the 2009 Installment Payments (which will in turn provide funds to refund the corresponding 2009 Certificates).
4. In order to refinance the 2009 Installment Payments, the District is issuing and selling its Water Revenue Refunding Bonds, Series 2017 (the "Refunding Bonds"), pursuant to an Indenture of Trust, dated as of _____ 1, 2017 (the "Refunding Bonds Indenture").
5. The District wishes to appoint the Escrow Agent for the purpose of establishing an irrevocable escrow fund to be funded, invested, held and administered for the purpose of prepaying the 2009 Installment Payments (and the corresponding portion of the 2009 Certificates).

A G R E E M E N T :

In consideration of the premises and the material covenants contained herein, the District and the Escrow Agent hereby agree as follows:

SECTION 1. *Appointment of Escrow Agent; Establishment of Escrow Fund.* The Corporation and the District hereby appoint the Escrow Agent to act as escrow agent for purposes of administering the funds required to defease and prepay the 2009 Installment Payments (and the corresponding portion of the 2009 Certificates). The Escrow Agent is directed to establish an escrow fund (the "Escrow Fund") to be held by the Escrow Agent in trust as an irrevocable escrow securing the payment of the 2009 Installment Payments as set forth below. All cash and securities in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the 2009 Installment Payments (and the corresponding portion of the 2009 Certificates).

SECTION 2. *Deposit and Investment of Amounts in Escrow Fund* On _____, 2017 (the "**Closing Date**"), the District and the Corporation will cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of \$ _____ in immediately available funds, comprised of the following:

(i) \$ _____ received from the District derived from the proceeds of the Refunding Bonds;

(ii) [\$ _____ received from the District derived from internal funds of the District]; and

(iii) \$ _____ which amount ~~shall be transferred by MUFG Union Bank, N.A., as trustee under the 2009 Agreement~~ (the "2009 Trustee") is hereby instructed to transfer to the Escrow Agent from the debt service reserve fund established under the 2009 Agreement.

On the Closing Date, the Escrow Agent shall invest \$ _____ of the amounts deposited in the Escrow Fund in the federal securities listed on Exhibit A. The Escrow Agent shall hold the remaining \$ _____ in cash, uninvested.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Fiscal Service will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the District with respect to funds which were to be invested in SLGS. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 3. *Application of Amounts in Escrow Fund.* The total amount of cash and Federal Securities deposited in the Escrow Fund pursuant to Section 2 shall be

~~applied-transferred~~ by the Escrow Agent to the 2009 Trustee for the sole purpose of paying the principal of, premium, if any, and interest on the 2009 Installment Payments (and the corresponding portion of the 2009 Certificates), at the times and in the amounts set forth in the schedule shown in Exhibit B attached hereto and by this reference incorporated herein.

If at any time the Escrow Agent shall receive actual knowledge that the cash and Federal Securities in the Escrow Fund will not be sufficient to make any payment required by this Section 3, the Escrow Agent shall notify the Corporation and the District of such fact and the District shall immediately cure such deficiency from any source of legally available funds. The Escrow Agent has no liability for any such insufficiency.

Following the payment and prepayment of the 2009 Installment Payments as set forth above in this Section 3, the Escrow Agent shall transfer any amounts remaining on deposit in the Escrow Fund to MUFG Union Bank, N.A., as trustee for the Refunding Bonds, for deposit in the Debt Service Fund established under the Refunding Bonds Indenture, to be applied to pay interest next coming due and payable on the Refunding Bonds.

SECTION 4. *Irrevocable Elections; Notices.* The District has irrevocably elected to pay and prepay the 2009 Installment Payments. The District has previously given notice of the prepayment of the 2009 Installment Payments to the 2009 Trustee.

The District hereby directs the Escrow Agent to post the Notice of Defeasance of all of the 2009 Certificates (substantially in the form attached hereto as Exhibit C) to the Municipal Securities Rulemaking Board's EMMA website on the Closing Date.

The District hereby further directs the 2009 Trustee to notify the holders of the 2009 Certificates that the 2009 Certificates maturing on and after February 1, 2020 will be prepaid in full on February 1, 2019 to the Municipal Securities Rulemaking Board's EMMA website, in accordance with the terms and conditions of the 2009 Trust Agreement. Such notice shall be provided substantially in the form attached hereto as Exhibit D.

SECTION 5. *Compensation to Escrow Agent.* The District shall pay the Escrow Agent full compensation for its services under this Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and securities at any time on deposit in the Escrow Fund.

SECTION 6. *Immunities and Liability of Escrow Agent.* The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement. The Escrow Agent may consult with legal counsel of its own choice and the Escrow Agent shall not be liable for any action taken or not taken by it in good faith in

reliance upon the opinion or advice of such counsel. The Escrow Agent shall not be liable for the recitals or representations contained in this Agreement and shall not be responsible for the validity of this Agreement, the sufficiency of the Escrow Fund or the moneys and securities to pay the principal, interest and prepayment premium with respect to the 2009 Installment Payments (or the corresponding portion of the 2009 Certificates).

Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the Corporation or the District and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Agent in connection with this Agreement and believed by the Escrow Agent to be signed by the proper party, and it need not investigate any fact or matter stated therein.

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care.

The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the Corporation and the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The District shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses,

damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby except to the extent caused by the Escrow Agent's negligence or willful misconduct. The provisions of the foregoing sentence shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the District to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District, whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Escrow Agent shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Escrow Agent or brokers selected by the District. Upon the District's election, such statements will be delivered via the Escrow Agent's online service and upon electing such service, paper statements will be provided only upon request. The District waives the right to receive brokerage confirmations of security transactions effected by the Escrow Agent as they

occur, to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Escrow Agent will be available upon request and at no additional cost.

SECTION 7. *Termination of Agreement.* Upon the full prepayment of the 2009 Installment Payments (and the corresponding portion of the 2009 Certificates) and all fees, expense and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

SECTION 8. *Execution in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 10. *Third-Party Beneficiary.* There are no third party beneficiaries of this Agreement.

SECTION 11. *Amendments.* Subject to Section 10, this Agreement may not be amended except in writing by the parties hereto and with an opinion of nationally recognized bond counsel to the effect that the amendment will not result in loss of the exemption from federal income taxes of interest on any of the 2009 Certificates or the Refunding Bonds.

IN WITNESS WHEREOF, the parties have caused the execution and delivery of this Agreement by their duly authorized officers as of the date first set forth above.

SAN JUAN WATER DISTRICT

By: _____
Authorized Officer

**SAN JUAN SUBURBAN WATER
DISTRICT FINANCING CORPORATION**

By: _____
Authorized Officer

MUFG UNION BANK, N.A., *as Escrow
Agent and 2009 Trustee*

By: _____
Authorized Officer

EXHIBIT A
DEFEASANCE SECURITIES

Type of Security	Purchase Date	Maturity Date	First Int Pmt Date	Par Amount	Rate
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EXHIBIT B

ESCROW REQUIREMENTS

Identification of 2009 Installment Payments to be Paid or Prepaid

Payments to be Paid or Prepaid (Feb. 1)	Principal Amount Paid or Prepaid	Payment Date	Prepayment Price (% of Par Amount Paid or Prepaid)
2018	\$475,000	Feb. 1, 2018	100%
2019	500,000	Feb. 1, 2019	100
2020	525,000	Feb. 1, 2019	100
2021	550,000	Feb. 1, 2019	100
2022	580,000	Feb. 1, 2019	100
2023	615,000	Feb. 1, 2019	100
2024	650,000	Feb. 1, 2019	100
2025 - 2029	3,825,000	Feb. 1, 2019	100
2030 - 2033	4,955,000	Feb. 1, 2019	100
2034 - 2039	15,700,000	Feb. 1, 2019	100
TOTAL	\$28,375,000		

Payment Date for Corresponding Portion of 2009 Certificates

Interest Payment Date	Principal Paid (on maturity or sinking fund)	Principal Prepaid	Accrued Interest	Total Payment
Aug. 1, 2017	--	--	\$	\$
Feb. 1, 2018	\$475,000	--		
Aug. 1, 2018	--	--		
Feb. 1, 2019	500,000	\$27,400,000		
TOTAL	\$975,000	\$27,400,000	\$	\$

EXHIBIT C

FORM OF NOTICE OF DEFEASANCE

**SAN JUAN WATER DISTRICT
\$35,010,000 REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2009A**

Final Maturity Date: February 1, 2039

NOTICE IS HEREBY GIVEN by the San Juan Water District (the "District") that the above captioned certificates of participation (the "Certificates") have been defeased as of _____, 2017. ***This notice is not a notice of redemption of any of the Certificates.***

The Certificates that have been defeased consist of the following:

Maturity Date (Feb. 1)	Principal Amount	Interest Rate	CUSIP (798330) *
2018	\$475,000	5.00%	BH8
2019	500,000	5.25	BJ4
2020	525,000	5.50	BK1
2021	550,000	5.50	BL9
2022	580,000	5.75	BM7
2023	615,000	5.75	BN5
2024	650,000	5.75	BP0
2029**	3,825,000	5.25	BQ8
2033**	4,955,000	5.50	BR6
2039**	15,700,000	6.00	BS4

* CUSIP data are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ. The District and the Trustee shall not be responsible for the selection or use of the CUSIP numbers listed above, nor is any representation made as to the accuracy of the CUSIP numbers listed above or as printed on any Certificate; the CUSIP numbers are included solely for the convenience of the owners of the Certificates.

** Term Bond

Dated: _____, 2017

MUFG UNION BANK, N.A., as Trustee for the
Certificates and as Escrow Agent

EXHIBIT D

FORM OF NOTICE OF OPTIONAL REDEMPTION

**SAN JUAN WATER DISTRICT
\$35,010,000 REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2009A**

Final Maturity Date: February 1, 2039

NOTICE IS HEREBY GIVEN by the San Juan Water District (the "District") that the above captioned certificates of participation (the "Certificates") that are maturing on and after February 1, 2020 have been called for optional redemption on February 1, 2019, at a purchase price equal to 100% of the principal amount of Certificates to be redeemed, plus accrued interest to the date of redemption, without premium.

The Bonds that will be optionally redeemed on February 1, 2019 consist of the following:

Maturity Date (Feb. 1)	Principal Amount	Interest Rate	CUSIP (798330) *
2020	\$525,000	5.50%	BK1
2021	550,000	5.50	BL9
2022	580,000	5.75	BM7
2023	615,000	5.75	BN5
2024	650,000	5.75	BP0
2029**	3,825,000	5.25	BQ8
2033**	4,955,000	5.50	BR6
2039**	15,700,000	6.00	BS4

* CUSIP data are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ. The District and the Trustee shall not be responsible for the selection or use of the CUSIP numbers listed above, nor is any representation made as to the accuracy of the CUSIP numbers listed above or as printed on any Certificate; the CUSIP numbers are included solely for the convenience of the owners of the Certificates.

** Term Bond

Dated: _____, 2019

MUFG UNION BANK, N.A., as Trustee for the
Certificates and as Escrow Agent

\$ _____
**SAN JUAN WATER DISTRICT
WATER REVENUE REFUNDING BONDS, SERIES 2017**

PURCHASE AGREEMENT

_____, 2017

San Juan Water District
P.O. Box 2157
9935 Auburn-Folsom Road
Granite Bay, California 95746

Ladies and Gentlemen:

Piper Jaffray & Co. (the “Underwriter”), hereby offers to enter into this Purchase Agreement with you, the San Juan Water District (the “District”), for the purchase by the Underwriter and the delivery by the District of the Bonds specified below. The proceeds of the Bonds will be used to: (i) refund on an advanced basis the [outstanding] Revenue Certificates of Participation, Series 2009A (the “Series 2009 Certificates”) and (ii) pay costs of issuance of the Bonds.

This offer is subject to your acceptance prior to 11:59 p.m., Los Angeles time, on the date hereof and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the District at any time prior to the acceptance thereof by the District. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture (defined below).

The District acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s length commercial transaction between the District and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the District and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated by this Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter has provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; and (iv) the District has consulted its own financial and/or municipal legal, accounting, tax and other advisors, as applicable, to the extent the District have deemed appropriate.

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the District for offering to the public, and the District hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$ _____ aggregate principal amount of the San Juan Water District Water Revenue Refunding Bonds, Series 2017 (the “Bonds”) to be dated the Closing Date (and more fully described in the Official

Statement), at a price of \$ _____, being the principal amount of the Bonds, plus net original issue premium of \$ _____, less an Underwriter's discount of \$ _____.

The Bonds shall mature in the amounts and on the dates, and bear interest at the rates, set forth in Exhibit A hereto. The Bonds shall be as described in and shall be secured under and pursuant to an Indenture of Trust, dated as of _____ 1, 2017 between the District and MUFG Union Bank, N.A. as trustee (the "Trustee"), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the District, the Trustee and the Underwriter.

The obligation of the District to pay the principal of and interest on Bonds is a special obligation of the District, payable solely from Net Revenues (as defined in the Indenture), and certain other amounts held under the Indenture. The principal of and interest on the Bonds is not required to be paid from any other funds of the District, including any proceeds of any taxes, and does not constitute a debt or pledge of the faith and credit of the District or the State of California (the "State") or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, dated _____, 2017 relating to the Bonds (together with the cover page and all appendices thereto, and any supplements thereof, the "Preliminary Official Statement"), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Indenture, the Continuing Disclosure Certificate as required by Securities and Exchange Commission Rule 15c2-12 (the "Rule"), and substantially in the form of Appendix C to the Official Statement, dated as of the date of the Closing (the "Continuing Disclosure Certificate") of the District, the Escrow Deposit and Trust Agreement, dated as of _____ 1, 2017, by and among the San Juan Suburban Water District Financing Corporation, the District and MUFG Union Bank, N.A., acting as escrow agent, with respect to the Series 2009 Certificates (the "Escrow Agreement") and this Purchase Agreement, and all information contained therein, and all other documents, certificates and statements furnished by the District to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The District has heretofore "deemed final" the Preliminary Official Statement within the meaning of the Rule.

The District will undertake pursuant to the Indenture and the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. This undertaking will be entered into in order to assist the Underwriter in complying with the Rule.

2. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the cover page of the Official Statement of the District pertaining to the Bonds, dated _____, 2017 (the "Official Statement", together with all appendices thereto, and with such changes therein and supplements thereto as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein called the "Official Statement"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. "Public Offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds

is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

3. The District shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The District shall deliver these copies to the Underwriter no later than the earlier of (i) seven (7) business days after the execution of this Purchase Agreement or (ii) one (1) business day prior to the Closing Date in order to permit the Underwriter to comply with the Rule, and the applicable rules of the Municipal Securities Rulemaking Board (the “MSRB”), with respect to distribution of the Official Statement. The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32. The Underwriter shall inform the District in writing of the End Date, and covenants to file the Official Statement with the MSRB on a timely basis.

The Official Statement, as of its date, as of the Closing Date and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end (the “End Date”) of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If, after the date of this Purchase Agreement and until the earlier of (i) ninety (90) days after the end of the “underwriting period” (as defined in Rule 15c2-12) (the “Underwriting Period”), or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is available to any person from the MSRB as contemplated by Rule 15c2-12(b)(4), any event shall occur or circumstance shall exist of which the District has knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter (and for the purpose of this Section provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the District or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the District will, at its expense, supplement or amend the Official Statement in a form and manner jointly approved by the District and the Underwriter and furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter promptly agrees that it will notify the District of the end of the Underwriting Period.

The District further agrees to provide the Underwriter with the advance refunding documents (as defined in MSRB Rule G-32) with respect to the Series 2009 Certificates in a word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide such electronic copy of the word-searchable PDF format of the advance refunding documents to the Underwriter no later than four (4) business days after the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

4. At 8:30 a.m., Pacific Time, on _____, 2017, or at such other time or date as shall be agreed upon by the Underwriter and the District (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Underwriter, through the facilities of The Depository Trust Company (“DTC”), the Bonds in book-entry form (all Bonds having had the CUSIP numbers assigned to them thereon), duly executed by an authorized officer of the Trustee as provided in the Indenture, and the other documents herein mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this section in immediately available funds (such delivery and payment being herein referred to as the “Closing”).

Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of The Depository Trust Company.

5. The Underwriter represents to and agrees with the District that, as of the date hereof and as of the Closing Date:

(i) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it;

(ii) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as the underwriter with respect to securities of the District;

(iii) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with such Underwriter have or has had any such financial advisory relationship; and

(iv) The Underwriter has reasonably determined that the undertaking to provide continuing disclosure with respect to the Bonds pursuant to the Continuing Disclosure Certificate is sufficient to effect compliance with Rule 15c2-12.

6. The District represents, warrants and covenants to the Underwriter that:

(a) The District is a community services district duly organized under the laws of the State of California, and has all necessary power and authority to enter into and perform its duties under the Indenture, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Agreement (collectively, the “District Documents”) and, when executed and delivered by the respective parties thereto, the District Documents will constitute the legal, valid and binding obligations of the District in accordance with their respective terms.

(b) Neither the execution and delivery of the District Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the District’s part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of

the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the District Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and delivery of the Bonds or the consummation by the District of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the District, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the District to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indenture, or in any way contesting or affecting the validity of the District Documents or the authority of the District to approve this Purchase Agreement, or enter into the District Documents, or in any way materially adversely affecting the financial position of the District or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 7(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information (except no representation is made with respect to information pertaining to DTC or DTC's book-entry system (the "Excluded Information")) contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no representation is made with respect to the Excluded Information.

(f) The District agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the District will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the District prior to or concurrently with the execution hereof, the District has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the District Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The District is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the District or with respect to an obligation guaranteed by the District as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the District has knowledge, which might or would cause the information relating to the District or the District's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the District will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the District.

(k) If the information relating to the District, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The District covenants that it will comply with all tax covenants relating to it in the District Documents, the Tax Certificate of the District and this Purchase Agreement.

(m) The written information supplied by the District to the Underwriter with respect to the financial information relating to the District is true, correct and complete in all material respects for the purposes for which it was supplied.

(n) No consent, approval, authorization or other action by an governmental or regulatory agency that has not been obtained is or will be required of the District for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(o) A portion of the proceeds from the sale of the Bonds (after deducting the expenses of issuance and sale of the Bonds) will be used to prepay the Series 2009 Certificates, and the District will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture, as amended from time to time.

(p) The District will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(q) Any certificate of the District delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter as to the statements made therein.

(r) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing the District does not and will not have outstanding any indebtedness which is secured by a lien on the Net Revenues superior to or on a parity with the lien of the Bonds thereon.

(s) Between the date of this Purchase Agreement and the date of Closing, the District will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent payable from the Net Revenues.

(t) The District is not presently and as a result of the execution of the District Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the District is a party or to which the District is bound.

(u) The District will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the District Documents.

(v) The District has not, in the last five years, failed to comply in any material respect in its obligations under any continuing disclosure undertaking entered into pursuant to Rule 15c2-12 except as disclosed in the Official Statement. The District will undertake, pursuant to the Continuing Disclosure Certificate to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12. A form of the Continuing Disclosure Certificate is set forth as Appendix C to the Official Statement.

7. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the District contained herein, and the opinions of Bond Counsel, Disclosure Counsel, counsel to the Trustee and counsel to the District. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Agreement, the Indenture, the Escrow Agreement and the Continuing Disclosure Certificate (collectively the "Legal Documents"), all as described in the Official Statement, shall be in full force and effect as valid and binding agreements between or among the various parties thereto and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Jones Hall, A Professional Law Corporation (herein called "Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to it:

(1) The unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the District and the Underwriter (or a reliance letter to the

Underwriter), in substantially the form attached as Appendix E to the Official Statement;

(2) A supplemental opinion or opinions of Bond Counsel, dated as of the date of Closing addressed to the Underwriter, in form and substance to the effect that:

(a) The statements and information contained in the Official Statement on the cover page relating to tax exemption, the description of the Bonds and security for the Bonds, and statements under the captions “INTRODUCTION,” “THE 2017 BONDS,” “SECURITY FOR THE 2017 BONDS,” “TAX MATTERS” and APPENDICES A and E, to the extent they purport to summarize information concerning the Bonds and certain provisions of the Legal Documents and the opinion of such counsel, present a fair and accurate summary of such information and such provisions;

(b) The Bonds are exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended (the “1933 Act”), and the Indenture is exempt from qualification as an Indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(c) The Purchase Agreement has been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and equitable remedies if equitable remedies are sought, and except no opinion need be expressed as to the enforceability of the indemnification, waiver, choice of law or contributions provisions contained in the Purchase Agreement.

(3) An opinion of Jones Hall, A Professional Law Corporation, as disclosure counsel to the District, dated the date of Closing, addressed to the Underwriter, in substantially the form attached as Exhibit B.

(4) An opinion of Bartkiewicz, Kronick & Shanahan, district counsel to the District, dated the date of Closing, addressed to the District and the Underwriter, in substantially the form attached as Exhibit C:

(5) The opinion of counsel to the Trustee, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the District and the Underwriter, to the effect that:

(i) The Trustee is a national banking association duly organized and validly existing under the laws of the United States.

(ii) The Trustee has duly authorized the execution and delivery of the Indenture.

(iii) The Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity.

(iv) acceptance by the Trustee of the duties and obligations under the Indenture and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject.

(v) All approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect.

(6) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel to the Escrow Agent, in such form as may be acceptable to the Underwriter.

(7) An opinion, dated the date of the Closing and addressed to the Underwriter, of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriter ("Underwriter's Counsel"), in form and substance acceptable to the Underwriter.

(8) A certificate or certificates, dated the date of Closing, signed by a duly authorized official of the District satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the District contained in this Purchase Agreement; (b) certifying that the District has complied with all agreements, covenants and conditions to be complied with by the District at or prior to the Closing under the District Documents; (c) certifying that to the best of such official's knowledge, no event affecting the District has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; (d) certifying that no further consent is required to be obtained for the inclusion of the District's audited financial statements, including the accompanying accountant's letter, for Fiscal Year 2016 in the Official Statement; and (e) certifying that the obligations of the District to pay the principal of and interest on the Bonds is on a parity with the obligation of the District to pay the Parity Debt (as defined in the Indenture).

(9) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the District deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(10) A certificate of each Wholesale Purchaser (as defined below) deeming [its appendix of] [information relating to such Wholesale Purchaser included in] the Preliminary Official Statement final for purposes of Rule 15c2-12.

(11) Certificates of Citrus Heights Water District, Fair Oaks Water District, Orangevale Water District and the City of Folsom (each a “Wholesale Purchaser”) or a certificate of the District on behalf of a Wholesale Purchaser, dated the date of Closing, signed on behalf of the respective Wholesale Purchaser by a duly authorized officer of the Wholesale Purchaser or by a duly authorized officer of the District, as applicable, in form and substance satisfactory to the Underwriter to the effect that: (a) the information with respect to the Wholesale Purchaser contained in the Preliminary Official Statement was as of its date, and in the Official Statement, as of its date and as of the date of Closing, is true and correct in all material respects and contains no misstatement of a material fact or omits any statement necessary to make the statements therein, in the light of the circumstances in which such statements were made, not misleading; and (b) if within twenty-five days after the Closing Date, any event occurs as a result of which the information with respect to the Wholesale Purchaser contained in the Official Statement as then amended or supplemented would include an untrue statement of a material fact; or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and in the reasonable opinion of the Underwriter, an amended or supplemented Official Statement should be delivered in connection with the offers or sales of the Bonds to reflect such event, the Wholesale Purchaser promptly will prepare at the expense of the District, an amendment or supplement to the Official Statement which will correct such statement or omission.

(12) Two executed or certified copies of the Legal Documents.

(13) One counterpart original or copy certified by a duly authorized officer of the District of a complete transcript of all proceedings of the District relating to the approval of the District Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the District to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the District and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(14) Two executed copies of the Official Statement.

(15) Two certified copies of the general resolution(s) of the Trustee and the Escrow Agent authorizing the execution and delivery of certain documents by certain officers of the Trustee or the Escrow Agent, as the case may be, which resolution authorizes the execution and delivery of documents such as the Bonds, the Indenture and the Escrow Agreement.

(16) Copies of the resolution adopted by the District and certified by the Secretary of the Board of Directors, authorizing the execution and delivery of the District Documents and the Official Statement.

(17) Tax certifications by the District with respect to the Bonds in form and substance acceptable to Bond Counsel.

(18) A Certificate of the Trustee, dated the Closing Date to the effect that:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) Subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture; and

(iii) The Trustee has duly authorized and executed the Indenture.

(19) A Certificate of the Escrow Agent, dated the Closing Date, in such form as may be acceptable to the Underwriter, to the effect that:

(i) The Escrow Agent is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to enter into and accept and perform its duties under the Escrow Agreement;

(ii) Subject to the provisions of the Escrow Agreement, the Escrow Agent will apply the funds held thereunder to the purposes specified in the Escrow Agreement; and

(iii) The Escrow Agent has duly authorized and executed the Escrow Agreement.

(20) Evidence from S&P Global Ratings that the Bonds have been rated “___” with a stable outlook.

(21) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds.

(22) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(23) Defeasance opinion of Bond Counsel, dated the date of Closing, with respect to the refunded Series 2009 Certificates.

(24) A verification report delivered by an independent certified public accountant on the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal of and interest on the securities in the Escrow Funds, together with any moneys held therein as cash, to pay the prepayment prices of and interest on the refunded Series 2009 Certificates and (b) the computations of yield of the Bonds and the securities in the Escrow Funds which support Bond Counsel’s

opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes.

(25) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Underwriter and Underwriter's Counsel may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to this Purchase Agreement, the Bonds and the sale thereof, the Legal Documents and the consummation of the transactions contemplated by this Purchase Agreement shall have been approved by the Underwriter, such approval not to be unreasonably withheld.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter or the District shall have any further obligation hereunder.

8. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefore, by written notification to the District if at any time at or prior to the Closing:

(i) Any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(iii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iv) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

(v) A general banking moratorium shall have been established by federal, New York or California authorities; or

(vi) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vii) The occurrence of an adverse event in the affairs of the District which, in the opinion of the Underwriter, materially impairs the investment quality of the Bonds; or

(viii) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the District, its property, income or securities (or interest thereon), or the ability of the District to issue the Bonds and pledge the Net Revenues as contemplated by the Indenture and the Official Statement; or

(ix) There shall have occurred any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the

United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereto; or

(x) There shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial position, results of operations or condition, financial or otherwise, of the District, other than changes in the ordinary course of business or activity or in the normal operation of the District except as described in the Official Statement; or

(xi) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(xii) An event described in Section 7(j) or 8(j) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xiii) Any rating of the Bonds or other obligations of the District by a national rating agency shall have been suspended, withdrawn or downgraded.

9. Performance by the District of its obligations under this Purchase Agreement is conditioned upon (i) performance by the Underwriter of its obligations hereunder, and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the Underwriter.

10. After the Closing and until the End Date (a) the District will not adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing or which shall be disapproved by the Underwriter, and (b) if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, and the District will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized until the End Date shall be borne by the District and any costs incurred thereafter incident to amending or supplementing the Official Statement shall be borne by the Underwriter. For the purposes of this Section, the District will furnish such information with respect to itself as the Underwriter may from time to time request.

11. (a) The Underwriter shall be under no obligation to pay, and the District shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the District's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the District Documents, and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of Bond Counsel, Disclosure Counsel, any accountants, financial advisors or other engineers or experts or consultants the District have retained in connection with the Bonds. The District shall reimburse the Underwriter for actual expenses incurred or paid for by the Underwriter on behalf of the District in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, transportation, lodging, and meals for District's employees and representatives; provided, however, that (i) reimbursement for such expenses shall not exceed an ordinary and reasonable amount for such expenses and (ii) such expenses are not related to the entertainment of any person and not prohibited from being reimbursed from the proceeds of an offering of municipal securities under MSRB Rule G-20. Such reimbursement may be in the form of inclusion in the expense component of the Underwriter's discount or direct reimbursement as a cost of issuance.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, the District shall be under no obligation to pay, and the District shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in subsection (a) of this section), including, fees of Underwriter's Counsel, any advertising expenses and the fees of the California Debt and Investment Advisory Commission.

12. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Piper Jaffray & Co., 1100 S. Coast Highway, Suite 300A, Laguna Beach, California 92651. Any notice or other communication to be given to the District may be given by delivering the same to address initially provided herein, Attention: General Manager. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by Piper Jaffray & Co., and delivered to you.

13. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

15. The representations and warranties of the District set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and warranties of the District and regardless of delivery of and payment for the Bonds.

16. The primary role of the Underwriter, as underwriter, is to purchase the Bonds for resale to investors in an arms-length commercial transaction between the District and the Underwriter. The Underwriter, as underwriter, has financial and other interests that differ from those of the District.

17. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and the Underwriter and shall be valid and enforceable as of the time of such acceptance.

18. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement shall not be assigned by either party hereto.

19. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the District and represents the entire agreement of the parties as to the subject matter herein.

20. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

21. This Purchase Agreement shall be governed by the laws of the State of California.

PIPER JAFFRAY & CO.

By: _____

Title: _____

Accepted:

SAN JUAN WATER DISTRICT

By: _____
General Manager

EXHIBIT A

\$ _____
SAN JUAN WATER DISTRICT
WATER REVENUE REFUNDING BONDS
SERIES 2017

\$ _____ Serial Bonds

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>
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\$ _____ % Term Bonds Due: February 1, 20__ Price _____ % Yield _____ %

EXHIBIT B

FORM OF DISCLOSURE COUNSEL OPINION

_____, 2017

San Juan Water District
P.O. Box 2157
9935 Auburn-Folsom Road
Granite Bay, California 95746

Piper Jaffray & Co.
1100 S. Coast Highway, Suite 300A
Laguna Beach, California 92651

Re: \$ _____ San Juan Water District Water Revenue Refunding Bonds, Series 2017

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the San Juan Water District (the “District”), in connection with the sale, execution and delivery of its \$ _____ San Juan Water District Water Revenue Refunding Bonds, Series 2017 (the “Bonds”). The Bonds are being issued pursuant to an Indenture (the “Indenture”) between the District and MUFG Union Bank, N.A., Los Angeles, California, as trustee (the “Trustee”), dated as of _____ 1, 2017. All capitalized terms used herein and not otherwise defined shall have the same meanings assigned to them in the Indenture.

We have, as such counsel, examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, records, opinions of counsel and other instruments as we deemed necessary or appropriate for the purpose of this opinion.

In rendering our opinion herein, we are not expressing any opinion or review on the validity, accuracy or sufficiency of documents, certificates or opinions that we have examined or on the authorization, execution, delivery or validity of the Bonds or the exclusion from gross income for federal income tax purposes, or the exemption from State of California personal income taxes, of interest with respect to the Bonds. Further, we have assumed, but not independently verified, that the signatures on all documents, certificates and opinions that we have reviewed are genuine.

Because the primary purpose of our professional engagement was not to establish factual matters, and because of the wholly or partially non legal character of many determinations involved in the preparation of the Final Official Statement relating to the Bonds (the “Official Statement”), we are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as Disclosure Counsel during the course of the preparation of the Official Statement, we participated in conferences with you, officials of the District, general counsel of the District, the rating agencies, the District’s financial advisor, the Underwriter and its

counsel, and Bond Counsel, during which conferences the contents of the Official Statement and related matters were discussed.

Based on our participation in such conferences, and in reliance thereon and on the certificates, opinions and other documents we have reviewed, we advise you as of matter of fact but not opinion that no information has come to our attention which would cause us to believe that the Official Statement, as of its date (except for any CUSIP numbers, financial, accounting, economic, demographic or statistical data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, the Appendices to the Official Statement or any information relating to The Depository Trust Company or the book-entry system, litigation, ratings, or rating agencies included in the Official Statement, and the District's compliance with its obligations to provide notice of the events described in part (b)(5)(i)(C) of Rule 15c2-12 promulgated under the Securities Act of 1934 ("Rule 15c2-12") or to file annual reports described in part (b)(5)(i)(A) of Rule 15c2-12, review of which matters we understand has been undertaken by the Underwriter, as to which we express no opinion) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion is furnished by us solely for your benefit with respect to the execution and delivery of the Bonds and the initial purchase of the Bonds by the Underwriter, upon the understanding, as we have advised you, and as you have agreed, that we are not hereby assuming any professional responsibility to any other person whatsoever. Our opinion herein is not to be used, circulated, quoted or otherwise referred to for any other purpose without our express written permission. This opinion is not intended to, and may not, be relied upon by the owners of the Bonds or any other party to whom it is not specifically addressed.

Respectfully submitted,

EXHIBIT C

FORM OF OUTSIDE COUNSEL OPINION TO THE DISTRICT

_____, 2017

San Juan Water District
P.O. Box 2157
9935 Auburn-Folsom Road
Granite Bay, California 95746

Piper Jaffray & Co.
1100 S. Coast Highway, Suite 300A
Laguna Beach, California 92651

Re: \$ _____
 San Juan Water District
 Water Revenue Refunding Bonds, Series 2017
 (District Counsel Opinion)

Ladies and Gentlemen:

We have served as counsel to the San Juan Water District (the “District”) in connection with execution and delivery of \$ _____ principal amount of Water Revenue Refunding Bonds, Series 2017 (the “Bonds”). Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Indenture of Trust, dated as of _____ 1, 2017, by and between MUFG Union Bank, N.A., as trustee (the “Trustee”) and the District (the “Indenture of Trust”). The Indenture, the Continuing Disclosure Certificate and the Escrow Deposit and Trust Agreement dated as of _____ 1, 2017, by and among the San Juan Suburban Water District Financing Corporation, the District and MUFG Union Bank, N.A., acting as escrow agent, are collectively referred to herein as the “District Documents.”

We have been furnished with and have examined copies of Resolution No. _____, adopted by the District’s Board of Directors on _____, 2017 (the “Resolution”); the District Documents, and the Official Statement relating to the Bonds, dated _____, 2017 (the “Official Statement”). We have also reviewed such other documents and matters as we have considered necessary to render the opinions set forth below. As to questions of fact material to such opinions, we have relied upon representations and information supplied to us by the District, and its officials, employees, and representatives, and upon representations and certificates of various other public officials. In the course of our representation, nothing has come to our attention that caused us to believe that any of the factual representations upon which we have relied are untrue, but we have made no other factual investigations.

When used herein, the phrase “to our current actual knowledge” means that, during the course of our representation of the District, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of those attorneys in the firm who have rendered legal services in connection with the representation described in the introductory paragraph of this

opinion letter. However, we have not undertaken any independent investigation or inquiry to determine the accuracy of such statement other than inquiry of officials of the District.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, it is our opinion that:

1. The District is a community services district duly organized and validly existing under the Constitution and the laws of the State of California.

2. The District has full legal power and lawful authority to enter into the District Documents.

3. The District Documents have been duly authorized, executed, and delivered by the District and, assuming due authorization, execution, and delivery by and enforceability against the other party or parties thereto, such documents constitute legal, valid, and binding agreements of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws affecting the enforceability of creditors' rights generally, by the application of equitable principles, by the possible unavailability of specific performance or injunctive relief, and by the limitations on legal remedies imposed on actions against public agencies in the State of California.

4. The Resolution of the District approving and authorizing the execution and delivery of the District Documents, and approving the Official Statement, was duly adopted at a meeting of the Board of Directors of the District called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout. The Resolution is in full force and effect and has not been modified, amended or rescinded.

5. The execution and delivery of the District Documents by the District and compliance by the District with the provisions of the District Documents, under the circumstances contemplated thereby, do not to our current actual knowledge and will not constitute a material breach of the terms, conditions, or provisions of or constitute a default under any other material contract, undertaking, indenture, or other agreement by which the District is bound.

6. No additional authorization, approval, consent, waiver or any other action by any person, board or body, public or private, not previously obtained is required as of the date of the Closing for the District to enter into the District Documents, or to perform its obligations thereunder.

We hereby confirm to you that, except as otherwise disclosed in the Official Statement, to our current actual knowledge, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending (service of process having been accomplished) or, to our current actual knowledge, overtly threatened in writing against the District, that (i) challenge the creation, organization or existence of the District or the validity of the District Documents, (ii) seek to restrain or enjoin the issuance or payment of the Bonds, (iii) in any way contest or seek to affect the validity of the Bonds, the District Documents or any of the transactions referred to therein or contemplated thereby, (iv) contest the authority of the District to enter into or perform its obligations under the Bonds or the District Documents, (v) if determined adversely to the District, would have a material adverse effect upon the financial condition or the revenues of the District, (vi) in any manner questions or affects the right or ability of the District to issue the Bonds or enter into

the District Documents, or (vii) affects in any manner the right or ability of the District to pay the principal of and interest on the Bonds.

This letter is furnished by us as counsel to the District. No attorney-client relationship has existed or exists between our firm and Piper Jaffray & Co., in connection with the issuance of the Bonds or by virtue of this letter. This opinion is delivered to the addressees solely for their benefit and may not be relied upon for any other purpose or by any other person without our prior written consent.

Very truly yours,

STAFF REPORT

To: Board of Directors
 From: Donna Silva, Director of Finance
 Date: May 24, 2017
 Subject: Payment to Reduce Unfunded Actuarial Pension Liability

RECOMMENDED ACTION

Authorize staff to make a payment of \$4,112,000 from wholesale and retail reserves to reduce the unfunded pension liability.

BACKGROUND

The District contracts with CalPERS to provide defined benefit pension benefits to all eligible employees. The district offers pension benefits under three different plans, depending upon employee hire date as follows:

Plan Name	Plan Benefit	Calculated on:	For Employees Hired:
Misc. First Tier Plan	3% at 60	Highest consecutive 12 months	Prior to February 1, 2009
Misc. Second Tier Plan	3% at 60	Highest consecutive 36 months (3 years)	After February 1, 2009
PEPRA Misc. Plan	2% at 62	Highest consecutive 36 months (3 years)	On or after January 1, 2013 unless a "classic member"

In order to calculate the liability associated with future pension benefits, CalPERS actuaries estimate the future cost of the benefits, making assumptions about interest earnings over time (the "discount rate"), life span of employees, final compensation, etc. From that number they subtract the total current market value of the pension assets. The difference is either an unfunded liability or a net plan asset.

Unfunded liabilities can be caused in a number of ways including investment returns not performing as expected, changes in assumptions on future returns, mortality rates, etc. In order to smooth the effect of the unfunded liability, CalPERS "amortizes" them over a long period of time. This means that entities pay for those liabilities over time, with interest, rather than in the year they are incurred. Investment gains and losses are spread out (amortized) over 30 years and changes in assumptions are spread out over 20 years. There are currently 17 different gains, losses or assumption changes that are being amortized over a period of 20 to 30 years. The annual payment from each of these 17 bases are combined and result in the annual payment towards the unfunded liability.

The Districts estimated unfunded pension liability as of June 30, 2017, per the most recent actuarial report, is as follows:

Misc. First Tier Plan 6/30/2016:	\$6,961,978
Misc. Second Tier Plan 6/30/2016:	56,238
Misc. PEPRA Plan 6/30/2016:	<u>7,233</u>
Total	\$7,025,449

The current annual payment towards the net unfunded liability is \$336,406.

DISCUSSION

As mentioned above, the District pays interest on the net unfunded liability equal to the current discount rate. The discount rate is currently 7.5%, but is being adjusted downwards over the next three years to 7%. While this move is positive in terms of pension sustainability, it will result in a substantial increase to the District's unfunded liability. The District will not know the impact of the change in the discount rate until the issuance of the next actuarial report, sometime after July 2017. However, CalPERS estimates that it could increase your unfunded liability by as much as 40%.

The District recently completed a five year financial plan for both Wholesale and Retail. During the Financial Plan process District staff concluded that significant savings could be achieved by utilizing idle reserve funds to pay down a large portion of the unfunded liability. The reserves, which are a part of the District's investment portfolio, are currently earning 1.3%, yet the District pays 7.5% on this liability.

The Financial Plans, adopted by the Board of Directors on January 12, 2017 (wholesale) and April 12, 2017 (retail) anticipated a lump sum payment of \$4,112,000. The payment was planned to come from the following reserve balances:

Reserve Name	Wholesale	Retail	Total	Est. Remaining Balance 6/30/2017
Hinkle Reservoir	\$1,259,494		\$1,259,494	\$1,494,758
Wholesale General CIP	\$51,573		49,673	\$3,567,855
PERS Stabilization Reserve	413,933	410,172	826,639	-
Retail General CIP Reserve		1,567,146	1,567,146	\$5,157,103
Kokila Reservoir		409,682	409,682	-
Total Payment	\$1,725,000	\$2,387,000	\$4,112,000	

In order to maximize interest savings, and ensure we are not over funded in any given plan, staff recommends applying the entire payment to the unfunded liability of the first tier plan. If approved, the first tier plan's unfunded liability will be reduced from \$6,961,978 to \$2,849,978. As a result, the annual payment towards the unfunded liability will fall from \$402,292 to \$103,400. This savings was anticipated in the Financial Plan and built into the new rate structure.

FINANCIAL CONSIDERATIONS

As mentioned earlier, the change in the discount rate is going to increase the District's unfunded liability by as much as 40%. However, regardless of that looming increase, this payment will generate savings of \$4,100,000 over the life of the repayment schedule.

STAFF REPORT

To: Board of Directors

From: Tony Barela, PE
Operations Manager

Date: May 16, 2017

Subject: Fair Oaks 40-Inch Pipeline Relining Project – Design/Bidding Services

Recommended Action

Staff recommends a motion to award a services contract to Quincy Engineering, Inc. for the amount of \$179,540 for design engineering services for the FO-40 Relining Project with an 8% Contingency for a total authorized budget of \$194,000.

Status

On March 22, 2017, the District requested proposals for engineering services for the design of the Fair Oaks 40-Inch Pipeline Relining Project. Proposals were received on April 21, 2017 from the following two firms:

- Quincy Engineering, Inc.
- Kennedy/Jenks Consultants, Inc.

Each proposal was submitted in two separate sealed envelopes consisting of a Technical Proposal and a Cost Proposal. A review panel reviewed and ranked each Technical Proposal on the basis of project understanding, work plan, experience and qualifications, project schedule, innovation, and other project-specific criteria. The reviewers unanimously ranked Quincy Engineering, Inc. as the top technical proposal.

Subsequent to the technical ranking, the cost proposals were opened and reviewed. The following table summarizes the proposed costs from each firm.

Consultant	Design/Permitting Services
Quincy Engineering, Inc.	\$179,540
Kennedy/Jenks Consultants, Inc.	\$204,295

When subjectively compared for only the design tasks outlined in the RFP (not the optional tasks), the cost proposals were similar; however, Quincy Engineering, Inc.’s costs are approximately \$24,800 less. Based on the reviewer’s evaluation it was determined that interviews would not be necessary, and that Quincy Engineering, Inc. is the recommended consultant to complete the design work for the project.

Budget Impact

The design, bidding and construction budget for the project is \$2,185,000 which is included in the FY2017-2018 SJWD-W budget. The estimated budget for the design and bidding portion of this project was \$156,000; Quincy Engineering’s proposal is \$23,540 higher than estimated. At this time, additional budget for the project is not being requested.

STAFF REPORT

To: Board of Directors
 From: Paul Helliker, General Manager
 Date: May 24, 2017
 Subject: General Manager's Monthly Report

RECOMMENDED ACTION

For information only, no action requested.

TREATMENT PLANT OPERATIONS

Water Production for April

Item	2017	2016	Difference
Monthly Production AF	2,314.13	2,848.16	-19%
Daily Average MG	25.14	30.94	-19%
Annual Production AF	7820.17	7,547.02	4%

Water Turbidity

Item	April 2017	March 2017	Difference
Raw Water Turbidity NTU	6.74	11.67	-42%
Treated Water Turbidity NTU	0.021	0.023	-9%
Monthly Turbidity Percentage Reduction	99.694%	99.801%	

*Folsom Lake Reservoir Storage Level AF**

Item	2017	2016	Difference
Lake Volume AF	723,565	826,449	-12%

AF – Acre Feet
 MG – Million Gallons
 NTU – Nephelometric Turbidity Unit
 * Total Reservoir Capacity: 977,000 AF

SYSTEM OPERATIONS

Distribution Operations:

Item	April 2017	March 2017	Difference
Leaks and Repairs	5	8	-3
Mains Flushed	11	7	+4
Valves Exercised	13	4	+9
Back Flows Tested	136	180	-34
Customer Service Calls	63	56	+7

Distribution System Water Quality:

Water Quality Samples Taken	# Failed Samples	Supporting Information
40 Lab	1	Repeat samples were taken in accordance with the Total Coliform Rule (TRC). 6 additional samples were taken, all were negative.
5 In-House	0	

Other Items of Interest:

- Staff has been assisting Engineering with the completion of the Los Lagos Tank Recoating Project.

CUSTOMER SERVICE ACTIVITIES

Billing Information for Month of April

Total Number of Bills Issued	Total Number of Reminders Mailed	Total Number of Shut-off Notices Delivered	Total Number of Disconnections
4988	716	191	22

Conservation Activities

Water Waste Complaints Received	Number of Customers Contacted for High Usage (potential leaks)	Number of Rebates Processed	Number of Meters Tested/Repaired (non-reads)
5	28	9	25/4

Other Activities

- Property sales have increased resulting in increased calls for service starts/stops.
- April 29th partnership with Folsom Garden Club and WEL Garden tour was a success. Roughly 400 people visited the updated garden.
- Staff began meter box clearance notifications. Those that do not clear their boxes by their June meter reading will have their boxes cleared by the District's contractor for a fee.

NEW URBAN DEVELOPMENTS (SJWD Retail Service Area)

Project Title	Description	Status (% Complete)	Issues
Rolling Greens	9 Lot Subdivision	Approved for Construction	None.
Rancho Del Oro	89 Lot Subdivision	Approved for Construction	None.
Chula Acres	4-Lot Minor Subdivision	In Review	None.
Hawthorne Retirement Residence	Multi-story building, with 145 Units	In Review	None.
Eureka at Granite Bay	28 condominium units	In Review	None.
Greyhawk III	44 high-density, and 28 single family Lots	In Review	None.
The Park at Granite Bay	56 lot Subdivision	In Review	West side tie-in needed

CAPITAL PROJECTS

Current Retail Projects

Project Title	Description	Status (% Complete)	Issues
Douglas Blvd Main Replacement	Replacement of ±4,125-LF of old steel main with new 16-in and 12-in pipeline between Auburn Folsom Rd and Hidden Lakes Dr.	In Design	None.
Main Ave Main Replacement	Replacement of ±900-LF and on Main Ave between Lake Natoma Dr and Twin Lakes Ave. The new 12-in pipe will be sliplined into the old existing 20-in and 16-in pipe.	Bids 4/18/17 Award 4/26/17 Start mid-May	None, beginning construction.
Oak Ave Main Replacement	Replacement of ±1,465-LF of aged steel pipeline with new 12-in C900 pipeline between Filbert Ave and address 9219 Oak Ave. The new 12-in pipe will be sliplined into the old existing 24-in pipe.	Bids 4/18/17 Award 4/26/17 Start mid-May	None, beginning construction.
Dambacher Drive Services Replacement	Replacement of ±19 aged, corroded steel service taps with new bronze saddle taps to reduce potential for failures and leaks.	In Design	None.
Orangevale Ave Bridge Casing	Installation of a new casing pipe under the Orangevale Bridge to carry a future water main. Joint project with City of Folsom.	Completed in mid-April.	None. Construction is complete.
ARC North/South PRS	Construction of a new Pressure Reducing Station (PRV) located at the intersection of American River Canyon Dr. and Oak Ave.	Bids 4/18/17 Award 4/26/17 Start mid-May	None, beginning construction.
Cavitt Stallman PRS	Construction of a new Pressure Reducing Station (PRV) located, on Cavitt Stallman Rd west of Hidden Valley Place.	Bids 4/18/17 Award 4/26/17 Start mid-May	None, beginning construction.
Olive Ranch PRS	Construction of a new Pressure Reducing Station (PRV) located near the intersection of Ramsgate Dr. and Olive Ranch Rd.	Bids 4/18/17 Award 4/26/17 Start mid-May	None, beginning construction.
LGB/UGB Intertie CV	Installation of a new Check Valve near the intersection of Bronson Dr. and Hill Rd.	In-House installation, completed mid-April	None. Construction is complete.
Bacon BPS Intrusion Alarm	Installation of door and hatch switches and integration of the signals to notify Operations of an unauthorized entry.	In-House work, underway.	None.
Los Lagos Tank Recoating and Mixing System	Recoating of the interior and exterior of the 1.65 MG Los Lagos tank, replacement of the cathodic protection system, and installation of a new mixing system to maintain WQ.	Completed. Testing WQ prior to service reconnection.	None. Construction is complete. Processing the Notice of Completion (see below)

Retail CIP - Project Specifics

- Los Lagos Tank Recoating and Mixing System – Project completed on April 19, 2017. Completion date was extended due to inclement weather and other construction-related factors. Construction was completed within approved budget. Staff is processing the Notice of Completion, which will be recorded.

Current Wholesale Projects

Project Title	Description	Status (% Complete)	Issues
WTP Improvements	Replacement of aged mechanical flocculators and sludge collection equipment, construction of a new settled water channel and a new overflow weir structure, electrical and piping improvements, and other miscellaneous work.	Nearing the May 31, 2017 completion date. (90%)	Performance of the Flocculation equipment remains to be resolved.
ARC Flash Improvements	Phase 1 - Prepare a condition assessment, power study, and short circuit study of the existing electrical power systems at the WTP and at 4 Pump Stations. Phase 2 – Complete testing and calibration of electrical safety equipment. Phase 3 – Replace identified non-safe equipment.	Completed Phases 1 and 2, now working on replacing identified equipment.	None.
Hinkle Res. Cleaning & Repairs	Cleaning, maintenance, and repairs of the covers on the Hinkle and Kokila Reservoirs.	Preparing RFQ to hire contractor	None.
In-Plant BPS Improvements	Electrical and control improvements for the WTP In-Plant Pump Station.	In-House, underway.	None.
Lime System Improvements	Improvements for the WTP's lime system control and feeder system.	In Design	None.
Hinkle Res. Monitoring Level Probes	Installation of level probes into the monitoring wells to provide consistent monitoring data for DSOD reporting.	In Design	None.

Wholesale CIP - Project Specifics

- None to Report

FINANCE/BUDGET

See attached.



San Juan Water District, CA

Wholesale Operating Fund Income Statement

Group Summary

For Fiscal: 2016-2017 Period Ending: 04/30/2017

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 010 - WHOLESALE					
Revenue					
41000 - Water Sales	8,310,600.00	8,310,600.00	1,399,753.00	8,203,136.29	107,463.71
43000 - Rebate	0.00	0.00	0.00	1,160.92	-1,160.92
44500 - Capital Contributions - Revenue	0.00	0.00	-33,250.00	-33,250.00	33,250.00
45000 - Other Operating Revenue	12,000.00	12,000.00	25.00	861.45	11,138.55
49000 - Other Non-Operating Revenue	110,400.00	110,400.00	0.00	65,540.24	44,859.76
49990 - Transfer In	210,600.00	210,600.00	0.00	0.00	210,600.00
Revenue Total:	8,643,600.00	8,643,600.00	1,366,528.00	8,237,448.90	406,151.10
Expense					
51000 - Salaries and Benefits	3,492,700.00	3,492,700.00	240,221.82	2,538,104.14	954,595.86
52000 - Debt Service Expense	1,440,600.00	1,440,600.00	1,097.79	817,090.71	623,509.29
53000 - Source of Supply	1,910,800.00	1,910,800.00	505,409.97	835,835.12	1,074,964.88
54000 - Professional Services	746,700.00	746,700.00	3,022.30	465,153.75	281,546.25
55000 - Maintenance	324,500.00	324,500.00	28,652.04	225,183.41	99,316.59
56000 - Utilities	24,700.00	24,700.00	356.14	48,113.52	-23,413.52
57000 - Materials and Supplies	511,000.00	511,000.00	26,187.13	403,247.59	107,752.41
58000 - Public Outreach	139,100.00	139,100.00	1,000.00	64,126.04	74,973.96
59000 - Other Operating Expenses	449,300.00	449,300.00	5,381.43	371,764.98	77,535.02
69000 - Other Non-Operating Expenses	6,100.00	6,100.00	0.00	3,228.42	2,871.58
Expense Total:	9,045,500.00	9,045,500.00	811,328.62	5,771,847.68	3,273,652.32
Fund: 010 - WHOLESALE Surplus (Deficit):	-401,900.00	-401,900.00	555,199.38	2,465,601.22	-2,867,501.22
Total Surplus (Deficit):	-401,900.00	-401,900.00	555,199.38	2,465,601.22	-2,867,501.22

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
010 - WHOLESAL	-401,900.00	-401,900.00	555,199.38	2,465,601.22	-2,867,501.22
Total Surplus (Deficit):	-401,900.00	-401,900.00	555,199.38	2,465,601.22	-2,663,186.30



San Juan Water District, CA

Wholesale Capital Income Statement

Group Summary

For Fiscal: 2016-2017 Period Ending: 04/30/2017

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 011 - Wholesale Capital Outlay					
Revenue					
42000 - Taxes & Assessments	1,045,000.00	1,045,000.00	0.00	567,450.05	477,549.95
44000 - Connection Fees	75,000.00	75,000.00	1,995.00	24,147.67	50,852.33
44500 - Capital Contributions - Revenue	784,200.00	784,200.00	79,676.00	651,202.00	132,998.00
49000 - Other Non-Operating Revenue	127,600.00	127,600.00	0.00	196,076.00	-68,476.00
Revenue Total:	2,031,800.00	2,031,800.00	81,671.00	1,438,875.72	592,924.28
Expense					
55000 - Maintenance	105,000.00	105,000.00	3,950.88	81,147.41	23,852.59
61000 - Capital Outlay	6,825,000.00	6,825,000.00	83.60	5,244,118.07	1,580,881.93
63000 - Contributions to Others	0.00	0.00	0.00	-517,075.98	517,075.98
69900 - Transfers Out	210,600.00	210,600.00	0.00	0.00	210,600.00
Expense Total:	7,140,600.00	7,140,600.00	4,034.48	4,808,189.50	2,332,410.50
Fund: 011 - Wholesale Capital Outlay Surplus (Deficit):	-5,108,800.00	-5,108,800.00	77,636.52	-3,369,313.78	-1,739,486.22
Total Surplus (Deficit):	-5,108,800.00	-5,108,800.00	77,636.52	-3,369,313.78	-1,739,486.22

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
011 - Wholesale Capital Outlay	-5,108,800.00	-5,108,800.00	77,636.52	-3,369,313.78	-1,739,486.22
Total Surplus (Deficit):	-5,108,800.00	-5,108,800.00	77,636.52	-3,369,313.78	-858,118.94



San Juan Water District, CA

Wholesale Capital Projects My Project Activity Report

By Project Number

Report Dates: 07/01/2016 - 04/30/2017

Project Number	Project Name	Group	Type	Status
141043	2014 Drought Response - SSWD A...	CIP - Capital Contribution	Administration	Complete
Expenses				
Account Key	Account Name	Category	Total Activity	
1410439999	Adjustments/Close	Adjustments/Close 9999	-330,884.28	
	GL Account Number	GL Account Name	Activity	
	011-700-74090	Contributions to Others	-330,884.28	
		Total Expenses:	-330,884.28	
		141043 Total:	-330,884.28	
161100	WTP Floc-Sed Basins 2015 Improv...	CIP - Asset	Administration	Active
Expenses				
Account Key	Account Name	Category	Total Activity	
1611002000	Materials - CAP	Materials - Capital 2000	7,324.42	
	GL Account Number	GL Account Name	Activity	
	011-700-61145	Capital Outlay - WTP & Improvements	7,324.42	
1611004000	Capital	Capital 4000	4,930,026.86	
	GL Account Number	GL Account Name	Activity	
	No Account		-355.85	
	010-220-57120	Maintenance - Facility	1,116.60	
	011-700-61145	Capital Outlay - WTP & Improvements	4,929,266.11	
1611006000	Retention - CAP	Retention - Capital 6000	0.00	
	GL Account Number	GL Account Name	Activity	
	011-20030	Retentions Payable	-237,153.47	
	011-700-61145	Capital Outlay - WTP & Improvements	237,153.47	
		Total Expenses:	4,937,351.28	
		161100 Total:	4,937,351.28	
161103	Control Valve Stations Water Supp..	CIP - Asset	Engineering	Complete
Expenses				
Account Key	Account Name	Category	Total Activity	
1611036000	Retention - CAP	Retention - Capital 6000	34,175.90	
	GL Account Number	GL Account Name	Activity	
	011-20030	Retentions Payable	34,175.90	
		Total Expenses:	34,175.90	
		161103 Total:	34,175.90	
161502	ARC Flash Assessment and Improv...	CIP - Expense	Engineering	Active
Expenses				
Account Key	Account Name	Category	Total Activity	
1615022500	Materials - NC	Materials - Non-Capital 2500	32,067.72	
	GL Account Number	GL Account Name	Activity	
	011-700-57120	Maintenance - Facility	32,067.72	
1615025500	Services/Supplies	Services and Supplies - Non Capital 5500	49,079.69	
	GL Account Number	GL Account Name	Activity	
	011-700-57120	Maintenance - Facility	49,079.69	
		Total Expenses:	81,147.41	
		161502 Total:	81,147.41	
171101	In-Plant Pump Station Improveme...	CIP - Asset	Water Treatment Pl...	Active
Expenses				
Account Key	Account Name	Category	Total Activity	

My Project Activity Report

Report Dates: 07/01/2016 - 04/30/2017

Project Number	Project Name	Group	Type	Status	
	1711014000	Capital	Capital 4000		38,941.11
		GL Account Number	GL Account Name		Activity
		011-700-61145	Capital Outlay - WTP & Improvements		38,941.11
				Total Expenses:	38,941.11
				171101 Total:	38,941.11
171103	WTP Main Gate Card Reader	Unplanned CIP	Water Treatment Pl...	Active	
	Expenses				
	Account Key	Account Name	Category		Total Activity
	1711034000	Capital	Capital 4000		8,770.60
		GL Account Number	GL Account Name		Activity
		011-700-61140	Capital Outlay - Buildings & Improvements		8,770.60
				Total Expenses:	8,770.60
				171103 Total:	8,770.60
171105	Baldwin Reservoir Raw Water Sup...	Unplanned CIP	Water Treatment Pl...	Active	
	Expenses				
	Account Key	Account Name	Category		Total Activity
	1711054000	Capital	Capital 4000		3,707.53
		GL Account Number	GL Account Name		Activity
		011-700-61150	Capital Outlay - Mains/Pipelines & Improveme		3,707.53
				Total Expenses:	3,707.53
				171105 Total:	3,707.53

Summary

Project Summary

Project Number	Project Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
141043	2014 Drought Response - SSWD Antel	0.00	-330,884.28	330,884.28
161100	WTP Floc-Sed Basins 2015 Improve	0.00	4,937,351.28	-4,937,351.28
161103	Control Valve Stations Water Supply R	0.00	34,175.90	-34,175.90
161502	ARC Flash Assessment and Improve	0.00	81,147.41	-81,147.41
171101	In-Plant Pump Station Improvements	0.00	38,941.11	-38,941.11
171103	WTP Main Gate Card Reader	0.00	8,770.60	-8,770.60
171105	Baldwin Reservoir Raw Water Supply I	0.00	3,707.53	-3,707.53
Project Totals:		0.00	4,773,209.55	-4,773,209.55

Group Summary

Group	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
CIP - Asset	0.00	5,010,468.29	-5,010,468.29
CIP - Capital Contribution	0.00	-330,884.28	330,884.28
CIP - Expense	0.00	81,147.41	-81,147.41
Unplanned CIP	0.00	12,478.13	-12,478.13
Group Totals:	0.00	4,773,209.55	-4,773,209.55

Type Summary

Type	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
Administration	0.00	4,606,467.00	-4,606,467.00
Engineering	0.00	115,323.31	-115,323.31
Water Treatment Plant	0.00	51,419.24	-51,419.24
Type Totals:	0.00	4,773,209.55	-4,773,209.55

GL Account Summary

GL Account Number	GL Account Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
		0.00	-355.85	-355.85
010-220-57120	Maintenance - Facility	0.00	1,116.60	1,116.60
011-20030	Retentions Payable	0.00	-202,977.57	-202,977.57
011-700-57120	Maintenance - Facility	0.00	81,147.41	81,147.41
011-700-61140	Capital Outlay - Buildings & Im...	0.00	8,770.60	8,770.60
011-700-61145	Capital Outlay - WTP & Improv...	0.00	5,212,685.11	5,212,685.11
011-700-61150	Capital Outlay - Mains/Pipeline...	0.00	3,707.53	3,707.53
011-700-74090	Contributions to Others	0.00	-330,884.28	-330,884.28
GL Account Totals:		0.00	4,773,209.55	4,773,209.55



San Juan Water District, CA

Retail Operating Income Statement

Group Summary

For Fiscal: 2016-2017 Period Ending: 04/30/2017

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 050 - RETAIL					
Revenue					
41000 - Water Sales	9,657,800.00	9,657,800.00	62.35	5,469,604.53	4,188,195.47
45000 - Other Operating Revenue	157,000.00	157,000.00	6,909.00	234,439.81	-77,439.81
49000 - Other Non-Operating Revenue	190,500.00	190,500.00	21,438.00	117,371.78	73,128.22
49990 - Transfer In	1,025,600.00	1,025,600.00	0.00	0.00	1,025,600.00
Revenue Total:	11,030,900.00	11,030,900.00	28,409.35	5,821,416.12	5,209,483.88
Expense					
51000 - Salaries and Benefits	4,568,800.00	4,568,800.00	324,289.60	3,387,159.82	1,181,640.18
52000 - Debt Service Expense	774,200.00	774,200.00	0.00	455,115.00	319,085.00
53000 - Source of Supply	2,721,300.00	2,721,300.00	405,764.00	2,506,914.90	214,385.10
54000 - Professional Services	990,300.00	990,300.00	11,911.71	460,041.04	530,258.96
55000 - Maintenance	454,200.00	454,200.00	2,377.70	230,057.42	224,142.58
56000 - Utilities	209,900.00	209,900.00	1,978.35	155,006.16	54,893.84
57000 - Materials and Supplies	264,400.00	264,400.00	15,820.79	206,048.78	58,351.22
58000 - Public Outreach	67,500.00	67,500.00	1,000.00	34,192.75	33,307.25
59000 - Other Operating Expenses	574,200.00	574,200.00	11,524.74	358,130.23	216,069.77
69000 - Other Non-Operating Expenses	3,100.00	3,100.00	0.00	3,228.43	-128.43
Expense Total:	10,627,900.00	10,627,900.00	774,666.89	7,795,894.53	2,832,005.47
Fund: 050 - RETAIL Surplus (Deficit):	403,000.00	403,000.00	-746,257.54	-1,974,478.41	2,377,478.41
Total Surplus (Deficit):	403,000.00	403,000.00	-746,257.54	-1,974,478.41	2,377,478.41

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
050 - RETAIL	403,000.00	403,000.00	-746,257.54	-1,974,478.41	2,377,478.41
Total Surplus (Deficit):	403,000.00	403,000.00	-746,257.54	-1,974,478.41	2,534,784.69



San Juan Water District, CA

Retail Capital Income Statement

Group Summary

For Fiscal: 2016-2017 Period Ending: 04/30/2017

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 055 - Retail Capital Outlay					
Revenue					
42000 - Taxes & Assessments	1,050,000.00	1,050,000.00	0.00	567,450.04	482,549.96
44000 - Connection Fees	450,000.00	450,000.00	15,253.00	276,471.81	173,528.19
44500 - Capital Contributions - Revenue	0.00	0.00	0.00	-17,640.62	17,640.62
49000 - Other Non-Operating Revenue	45,800.00	45,800.00	3.55	27,007.09	18,792.91
Revenue Total:	1,545,800.00	1,545,800.00	15,256.55	853,288.32	692,511.68
Expense					
55000 - Maintenance	0.00	0.00	0.00	309.50	-309.50
61000 - Capital Outlay	4,809,400.00	4,809,400.00	2,222.87	592,754.26	4,216,645.74
63000 - Contributions to Others	0.00	0.00	0.00	0.00	0.00
69900 - Transfers Out	1,025,600.00	1,025,600.00	0.00	0.00	1,025,600.00
Expense Total:	5,835,000.00	5,835,000.00	2,222.87	593,063.76	5,241,936.24
Fund: 055 - Retail Capital Outlay Surplus (Deficit):	-4,289,200.00	-4,289,200.00	13,033.68	260,224.56	-4,549,424.56
Total Surplus (Deficit):	-4,289,200.00	-4,289,200.00	13,033.68	260,224.56	-4,549,424.56

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
055 - Retail Capital Outlay	-4,289,200.00	-4,289,200.00	13,033.68	260,224.56	-4,549,424.56
Total Surplus (Deficit):	-4,289,200.00	-4,289,200.00	13,033.68	260,224.56	-4,293,336.49



San Juan Water District, CA

Retail Capital Projects My Project Activity Report

By Project Number

Report Dates: 07/01/2016 - 04/30/2017

Project Number	Project Name	Group	Type	Status
121965	Install PRS Between ARC & SZONE	CIP - Asset	Engineering	Active
Expenses				
Account Key	Account Name	Category	Total Activity	
1219654000	Capital	Capital 4000	160.38	
	GL Account Number	GL Account Name	Activity	
	050-300-51120	Permitting / Health Inspections	160.38	
		Total Expenses:	160.38	
		121965 Total:	160.38	
121966	Design and Construct Lower Grani...	CIP - Asset	Engineering	Complete
Expenses				
Account Key	Account Name	Category	Total Activity	
1219665000	Services - CAP	Services - Capital 5000	241.41	
	GL Account Number	GL Account Name	Activity	
	055-700-57120	Maintenance - Facility	241.41	
	055-700-61135	Capital Outlay - Pump Stations & Improvemen	0.00	
1219666000	Retention - CAP	Retention - Capital 6000	161,108.18	
	GL Account Number	GL Account Name	Activity	
	055-20030	Retentions Payable	161,108.18	
		Total Expenses:	161,349.59	
		121966 Total:	161,349.59	
121967	Rehab Upper Granite Bay Pump S...	CIP - Asset	Engineering	Complete
Expenses				
Account Key	Account Name	Category	Total Activity	
1219675000	Services - CAP	Services - Capital 5000	68.09	
	GL Account Number	GL Account Name	Activity	
	055-700-57120	Maintenance - Facility	68.09	
	055-700-61135	Capital Outlay - Pump Stations & Improvemen	0.00	
1219676000	Retention - CAP	Retention - Capital 6000	73,131.56	
	GL Account Number	GL Account Name	Activity	
	055-20030	Retentions Payable	73,131.56	
		Total Expenses:	73,199.65	
		121967 Total:	73,199.65	
165508	Los Lagos Tank Recoating	CIP - Asset	Engineering	Active
Expenses				
Account Key	Account Name	Category	Total Activity	
1655084000	Capital	Capital 4000	401,598.36	
	GL Account Number	GL Account Name	Activity	
	055-700-61135	Capital Outlay - Pump Stations & Improvemen	171.94	
	055-700-61155	Capital Outlay - Reservoirs & Improvements	401,426.42	
1655086000	Retention - CAP	Retention - Capital 6000	-17,763.00	
	GL Account Number	GL Account Name	Activity	
	055-20030	Retentions Payable	-17,763.00	
		Total Expenses:	383,835.36	
		165508 Total:	383,835.36	
175102	Los Lagos Tank Mixing System & R...	CIP - Asset	Engineering	Active
Expenses				
Account Key	Account Name	Category	Total Activity	

My Project Activity Report

Report Dates: 07/01/2016 - 04/30/2017

Project Number	Project Name	Group	Type	Status
	1751024000	Capital GL Account Number 055-700-61155	Capital 4000 GL Account Name Capital Outlay - Reservoirs & Improvements	11,347.11 Activity 11,347.11 Total Expenses: 11,347.11 175102 Total: 11,347.11
175105	6690-7767 Douglas Boulevard Expenses Account Key 1751054000	CIP - Asset Account Name Capital GL Account Number 055-700-61150	Engineering Category Capital 4000 GL Account Name Capital Outlay - Mains/Pipelines & Improve	Active Total Activity 22,440.00 Activity 22,440.00 Total Expenses: 22,440.00 175105 Total: 22,440.00
175107	5700-5708 & 5640-5682 Main Av... Expenses Account Key 1751074000	CIP - Asset Account Name Capital GL Account Number 055-700-61150	Engineering Category Capital 4000 GL Account Name Capital Outlay - Mains/Pipelines & Improve	Active Total Activity 46.82 Activity 46.82 Total Expenses: 46.82 175107 Total: 46.82
175109	9151-9219 Oak Avenue Main Repl... Expenses Account Key 1751094000	CIP - Asset Account Name Capital GL Account Number 055-700-61150	Engineering Category Capital 4000 GL Account Name Capital Outlay - Mains/Pipelines & Improve	Active Total Activity 46.81 Activity 46.81 Total Expenses: 46.81 175109 Total: 46.81
175115	Bacon Pump Station Intrusion Ala... Expenses Account Key 1751154000	CIP - Asset Account Name Capital GL Account Number 055-700-61135	Field Services Category Capital 4000 GL Account Name Capital Outlay - Pump Stations & Improvemen	Active Total Activity 3,544.58 Activity 3,544.58 Total Expenses: 3,544.58 175115 Total: 3,544.58
175119	Bacon Pressure Zone - Cavitt Stall... Expenses Account Key 1751194000	CIP - Asset Account Name Capital GL Account Number 055-700-61135	Engineering Category Capital 4000 GL Account Name Capital Outlay - Pump Stations & Improvemen	Active Total Activity 55.00 Activity 55.00 Total Expenses: 55.00 175119 Total: 55.00
175123	Bronson - Upper/Lower GB PS Con... Expenses Account Key 1751234000	CIP - Asset Account Name Capital GL Account Number	Engineering Category Capital 4000 GL Account Name	Active Total Activity 7,498.62 Activity

My Project Activity Report

Report Dates: 07/01/2016 - 04/30/2017

Project Number	Project Name	Group	Type	Status
		055-700-61135	Capital Outlay - Pump Stations & Improvemen	7,498.62
			Total Expenses:	7,498.62
			175123 Total:	7,498.62

Summary

Project Summary

Project Number	Project Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
121965	Install PRS Between ARC & SZONE	0.00	160.38	-160.38
121966	Design and Construct Lower Granite B	0.00	161,349.59	-161,349.59
121967	Rehab Upper Granite Bay Pump Stn - I	0.00	73,199.65	-73,199.65
165508	Los Lagos Tank Recoating	0.00	383,835.36	-383,835.36
175102	Los Lagos Tank Mixing System & Resid	0.00	11,347.11	-11,347.11
175105	6690-7767 Douglas Boulevard	0.00	22,440.00	-22,440.00
175107	5700-5708 & 5640-5682 Main Avenue	0.00	46.82	-46.82
175109	9151-9219 Oak Avenue Main Replacer	0.00	46.81	-46.81
175115	Bacon Pump Station Intrusion Alarm	0.00	3,544.58	-3,544.58
175119	Bacon Pressure Zone - Cavitt Stallman	0.00	55.00	-55.00
175123	Bronson - Upper/Lower GB PS Control	0.00	7,498.62	-7,498.62
Project Totals:		0.00	663,523.92	-663,523.92

Group Summary

Group	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
CIP - Asset	0.00	663,523.92	-663,523.92
Group Totals:	0.00	663,523.92	-663,523.92

Type Summary

Type	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
Engineering	0.00	659,979.34	-659,979.34
Field Services	0.00	3,544.58	-3,544.58
Type Totals:	0.00	663,523.92	-663,523.92

GL Account Summary

GL Account Number	GL Account Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
050-300-51120	Permitting / Health Inspections	0.00	160.38	160.38
055-20030	Retentions Payable	0.00	216,476.74	216,476.74
055-700-57120	Maintenance - Facility	0.00	309.50	309.50
055-700-61135	Capital Outlay - Pump Stations...	0.00	11,270.14	11,270.14
055-700-61150	Capital Outlay - Mains/Pipeline...	0.00	22,533.63	22,533.63
055-700-61155	Capital Outlay - Reservoirs & I...	0.00	412,773.53	412,773.53
GL Account Totals:		0.00	663,523.92	663,523.92



San Juan Water District, CA

Balance Sheet

Account Summary

As Of 04/30/2017

Account	010 - WHOLESALE	011 - Wholesale Capital Outlay	050 - RETAIL	055 - Retail Capital Outlay	Total
Asset					
10010 - Cash and Investments	7,007,681.70	6,149,644.09	2,024,142.21	8,897,274.47	24,078,742.47
10090 - Cash Bond Reserve	0.00	0.00	1,063,422.69	0.00	1,063,422.69
10510 - Accounts Receivable	1,041,525.83	72,548.90	-596,014.00	-212.90	517,847.83
11000 - Inventory	0.00	0.00	99,033.67	0.00	99,033.67
12000 - Prepaid Expense	29,920.34	0.00	29,919.54	0.00	59,839.88
14010 - Deferred Outflows	559,962.36	0.00	803,062.26	0.00	1,363,024.62
17010 - Capital Assets - Work in Progress	1,256,516.01	0.00	1,550,614.58	0.00	2,807,130.59
17150 - Capital Assets - Land Non-depreciable	337,107.00	0.00	166,272.00	0.00	503,379.00
17160 - Capital Assets - Land Improvements	366,084.20	0.00	75,884.80	0.00	441,969.00
17200 - Capital Assets - Pump Stations & Improvements	7,367,435.40	0.00	5,910,319.27	0.00	13,277,754.67
17300 - Capital Assets - Buildings & Improvements	7,236,728.31	0.00	61,283.08	0.00	7,298,011.39
17350 - Capital Assets - Water Treatment Plant & Imp	39,327,546.44	0.00	329,902.40	0.00	39,657,448.84
17400 - Capital Assets - Mains/Pipelines & Improvements	23,689,683.10	0.00	46,702,078.36	0.00	70,391,761.46
17500 - Capital Assets - Reservoirs & Improvements	2,985,110.00	0.00	1,660,237.00	0.00	4,645,347.00
17700 - Capital Assets - Equipment & Furniture	9,041,467.36	0.00	1,252,876.12	0.00	10,294,343.48
17750 - Capital Assets - Vehicles	379,156.83	0.00	413,429.61	0.00	792,586.44
17800 - Capital Assets - Software	181,306.78	0.00	772,280.47	0.00	953,587.25
17850 - Capital Assets - Intangible	666,196.00	0.00	0.00	0.00	666,196.00
17900 - Less Accumulated Depreciation	-37,171,233.73	0.00	-32,758,715.32	0.00	-69,929,949.05
19010 - 2009 Premiums on Refunding Bonds	-164,905.86	0.00	-92,759.51	0.00	-257,665.37
19015 - 2012 Premiums on Refunding Bonds	-683,850.32	0.00	-371,314.60	0.00	-1,055,164.92
Total Asset:	63,453,437.75	6,222,192.99	29,095,954.63	8,897,061.57	107,668,646.94
Liability					
20010 - Accounts Payable	117,562.82	159,509.36	63,345.79	643.88	341,061.85
20100 - Retentions Payable	0.00	269,258.41	0.00	17,762.13	287,020.54
21200 - Salaries & Benefits Payable	684.99	0.00	1,387.42	0.00	2,072.41
21250 - Payroll Taxes Payable	34.82	0.00	3.89	0.00	38.71
21300 - Compensated Absences	330,057.87	0.00	456,304.68	0.00	786,362.55
21600 - OPEB Liability	100,396.44	0.00	127,509.03	0.00	227,905.47
21700 - Pension Liability	2,484,580.73	0.00	3,575,372.27	0.00	6,059,953.00
22010 - Deferred Income	0.00	0.00	52,565.20	0.00	52,565.20
22050 - Deferred Inflows	615,542.00	0.00	881,311.00	0.00	1,496,853.00
24100 - 2009 Bonds Payables	18,160,000.00	0.00	10,215,000.00	0.00	28,375,000.00
24200 - 2012 Bonds Payable	6,681,173.86	0.00	3,627,688.76	0.00	10,308,862.62
Total Liability:	28,490,033.53	428,767.77	19,000,488.04	18,406.01	47,937,695.35

Balance Sheet

As Of 04/30/2017

Account	010 - WHOLESALE	011 - Wholesale Capital Outlay	050 - RETAIL	055 - Retail Capital Outlay	Total
Equity					
30100 - Investment in Capital Assets	29,371,981.00	0.00	11,509,862.00	0.00	40,881,843.00
30500 - Designated Reserves	1,276,429.00	9,162,739.00	-503,445.00	8,618,431.00	18,554,154.00
30700 - Restricted Debt Service Reserve	1,849,393.00	0.00	1,063,528.00	0.00	2,912,921.00
Total Total Beginning Equity:	32,497,803.00	9,162,739.00	12,069,945.00	8,618,431.00	62,348,918.00
Total Revenue	8,237,448.90	1,438,875.72	5,821,416.12	853,288.32	16,351,029.06
Total Expense	5,771,847.68	4,808,189.50	7,795,894.53	593,063.76	18,968,995.47
Revenues Over/Under Expenses	2,465,601.22	-3,369,313.78	-1,974,478.41	260,224.56	-2,617,966.41
Total Equity and Current Surplus (Deficit):	34,963,404.22	5,793,425.22	10,095,466.59	8,878,655.56	59,730,951.59
Total Liabilities, Equity and Current Surplus (Deficit):	63,453,437.75	6,222,192.99	29,095,954.63	8,897,061.57	107,668,646.94



San Juan Water District, CA

Board Member Reimbursements YTD Vendor History Report

By Vendor Name

Posting Date Range 07/01/2016 - 04/30/2017

Payable Number	Description	Post Date	1099	Payment Number	Payment Date	Amount	Shipping	Tax	Discount	Net	Payment
Item Description	Units	Price	Amount	Account Number	Account Name	Dist Amount					
Vendor Set: 01 - Vendor Set 01											
02556 - Costa, Ted											
Exp Reimb 03-2017	Expense Reimbursement-Parking Fee ACWA l3/30/2017			51146	4/14/2017	420.80	0.00	0.00	0.00	420.80	420.80
Expense Reimbursement		0.00	0.00	15.00	010-010-52110	15.00	0.00	0.00	0.00	15.00	15.00
				050-010-52110	Training - Meetings, Education & Trai	7.50					
					Training - Meetings, Education & Trai	7.50					
Expense Reimb 11-2016	Expense Reimb-ACWA Conference Hotel and 11/30/2016			50756	12/15/2016	368.00	0.00	0.00	0.00	368.00	368.00
Expense Reimbursement		0.00	0.00	368.00	010-010-52110	368.00	0.00	0.00	0.00	368.00	368.00
				050-010-52110	Training - Meetings, Education & Trai	184.00					
					Training - Meetings, Education & Trai	184.00					
Mileage Reimb 10-2016	Mileage Reimbursement 10/2016			50638	11/10/2016	37.80	0.00	0.00	0.00	37.80	37.80
Mileage Reimbursement		0.00	0.00	37.80	010-010-52110	37.80	0.00	0.00	0.00	37.80	37.80
				050-010-52110	Training - Meetings, Education & Trai	18.90					
					Training - Meetings, Education & Trai	18.90					
01916 - Miller, Ken											
Mileage Reimb 01-2017	Mileage Reimbursement 01-2017			51064	3/9/2017	100.86	0.00	0.00	0.00	100.86	100.86
Mileage Reimbursement		0.00	0.00	22.47	010-010-52110	22.47	0.00	0.00	0.00	22.47	22.47
				050-010-52110	Training - Meetings, Education & Trai	11.24					
					Training - Meetings, Education & Trai	11.23					
Mileage Reimb 02-2017	Mileage Reimbursement 02-2017			51064	3/9/2017	39.10	0.00	0.00	0.00	39.10	39.10
Mileage Reimbursement		0.00	0.00	39.10	010-010-52110	39.10	0.00	0.00	0.00	39.10	39.10
				050-010-52110	Training - Meetings, Education & Trai	19.55					
					Training - Meetings, Education & Trai	19.55					
Mileage Reimb 03-2017	Mileage Reimbursement			51175	4/14/2017	39.29	0.00	0.00	0.00	39.29	39.29
Mileage Reimbursement		0.00	0.00	39.29	010-010-52110	39.29	0.00	0.00	0.00	39.29	39.29
				050-010-52110	Training - Meetings, Education & Trai	19.64					
					Training - Meetings, Education & Trai	19.65					
03092 - Rich, Dan											
Exp Reimb 12-2016	Expense Reimb-SMF Airport Parking ACWA c12/31/2016			50994	2/9/2017	30.00	0.00	0.00	0.00	30.00	30.00
Expense Reimb-SMF Airp		0.00	0.00	30.00	010-010-52110	30.00	0.00	0.00	0.00	30.00	30.00
				050-010-52110	Training - Meetings, Education & Trai	15.00					
					Training - Meetings, Education & Trai	15.00					
02162 - Tobin, Pamela											
Exp Reimb 02-2017	Expense Reimbursement 02-2017			404863	3/9/2017	1,119.04	0.00	0.00	0.00	1,119.04	1,119.04
Expense Reimbursement		0.00	0.00	248.25	010-010-52110	248.25	0.00	0.00	0.00	248.25	248.25
				050-010-52110	Training - Meetings, Education & Trai	124.12					
					Training - Meetings, Education & Trai	124.13					
Exp Reimb 11/2016	Expense Reimbursement 11/2016			404773	12/15/2016	314.63	0.00	0.00	0.00	314.63	314.63
11/16ACWAConfCab/Hot		0.00	0.00	314.63	010-010-52110	314.63	0.00	0.00	0.00	314.63	314.63
				050-010-52110	Training - Meetings, Education & Trai	157.32					
					Training - Meetings, Education & Trai	157.31					
Mileage & Parking 01-2017	Mileage & Parking Reimb 01-2017-ACWA& F(1/31/2017)			404863	3/9/2017	85.40	0.00	0.00	0.00	85.40	85.40

Vendor History Report

Posting Date Range 07/01/2016 - 04/30/2017

Payable Number	Description	Post Date	1099	Payment Number	Payment Date	Amount	Shipping	Tax	Discount	Net	Payment	
Item Description	Units	Price	Amount	Account Number	Account Name	Dist Amount						
Mileage & Parking Reimb	0.00	0.00	85.40	010-010-52110	Training - Meetings, Education & Trai	42.70						
				050-010-52110	Training - Meetings, Education & Trai	42.70						
Mileage & Parking 03-2017	Mileage & Parking Reimbursement 03-2017	3/31/2017		404900	4/14/2017	138.77	0.00	0.00	0.00	138.77	138.77	
Mileage & Parking Reimb	0.00	0.00	138.77	010-010-52110	Training - Meetings, Education & Trai	69.38						
				050-010-52110	Training - Meetings, Education & Trai	69.39						
Mileage 04-2017	Mileage 04-2017	4/30/2017		404934	5/17/2017	27.29	0.00	0.00	0.00	27.29	27.29	
Mileage 04-2017	0.00	0.00	27.29	010-010-52110	Training - Meetings, Education & Trai	13.64						
				050-010-52110	Training - Meetings, Education & Trai	13.65						
Mileage 07/2016	Mileage & Parking Reimbursement 07/2016	7/31/2016		404622	8/10/2016	84.18	0.00	0.00	0.00	84.18	84.18	
Mileage & Parking Reimb	0.00	0.00	84.18	010-010-52110	Training - Meetings, Education & Trai	42.09						
				050-010-52110	Training - Meetings, Education & Trai	42.09						
Mileage Reimb 08-2016	Mileage Reimbursement 08-2016	8/31/2016		404659	9/14/2016	30.78	0.00	0.00	0.00	30.78	30.78	
Mileage Reimbursement	0.00	0.00	30.78	010-010-52110	Training - Meetings, Education & Trai	15.38						
				050-010-52110	Training - Meetings, Education & Trai	15.40						
Mileage Reimb 09-2016	Mileage & Parking Reimbursement 09/2016	9/28/2016		404695	10/12/2016	68.40	0.00	0.00	0.00	68.40	68.40	
Mileage & Parking Reimb	0.00	0.00	68.40	010-010-52110	Training - Meetings, Education & Trai	34.20						
				050-010-52110	Training - Meetings, Education & Trai	34.20						
Mileage Reimb 10-2016	Mileage Reimbursement 10/2016	10/31/2016		404735	11/10/2016	98.28	0.00	0.00	0.00	98.28	98.28	
Mileage Reimbursement	0.00	0.00	98.28	010-010-52110	Training - Meetings, Education & Trai	49.14						
				050-010-52110	Training - Meetings, Education & Trai	49.14						
Mileage& Tip Reimb 12-201	Mileage and Hotel Tip Reimb-ACWA Conferer	12/31/2016		404829	2/9/2017	23.06	0.00	0.00	0.00	23.06	23.06	
Mileage and Hotel Tip Re	0.00	0.00	23.06	010-010-52110	Training - Meetings, Education & Trai	11.53						
				050-010-52110	Training - Meetings, Education & Trai	11.53						
Vendors: (4)						Total 01 - Vendor Set 01:	1,670.70	0.00	0.00	0.00	1,670.70	1,670.70
Vendors: (4)						Report Total:	1,670.70	0.00	0.00	0.00	1,670.70	1,670.70



Payroll Set: 01-San Juan Water District

Employee Number	Employee Name	Pay Code	# of Payments	Units	Pay Amount
0690	Costa,Ted	Reg - Regular Hours	10	69.00	8,625.00
			0690 - Costa Total:	69.00	8,625.00
0670	Miller,Ken	Reg - Regular Hours	10	49.00	6,125.00
			0670 - Miller Total:	49.00	6,125.00
1003	Rich,Daniel T	Reg - Regular Hours	5	43.00	5,375.00
			1003 - Rich Total:	43.00	5,375.00
0650	Tobin,Pamela	Reg - Regular Hours	10	96.00	12,000.00
			0650 - Tobin Total:	96.00	12,000.00
0680	Walters,Bob	Reg - Regular Hours	10	57.00	7,125.00
			0680 - Walters Total:	57.00	7,125.00
			Report Total:	314.00	39,250.00



Payroll Set: 01-San Juan Water District

<u>Account</u>	<u>Account Description</u>	<u>Units</u>	<u>Pay Amount</u>
010-010-58110	Director - Stipend	157.00	19,625.00
	010 - WHOLESALE Total:	157.00	19,625.00
050-010-58110	Director - Stipend	157.00	19,625.00
	050 - RETAIL Total:	157.00	19,625.00
	Report Total:	314.00	39,250.00



Payroll Set: 01-San Juan Water District

<u>Pay Code</u>	<u>Description</u>	<u># of Payments</u>	<u>Units</u>	<u>Pay Amount</u>
Reg	Regular Hours	45	314.00	39,250.00
		Report Total:	314.00	39,250.00

RWA EXECUTIVE COMMITTEE MEETING
MAY 24TH, 2017

2017 Executive Director Evaluation:

The chair appointed Marcus Yasuaki (Folsom), Kerry Schmitz (Sacramento County), Robert Dugan (PCWA) and Kelye McKinney (Roseville) as the 2017 Executive Director's evaluation committee.

Defined Benefit Pension Plan Funding Policy 500.15:

In December 2016, CALPERS announced their discount rate used to calculate liabilities will be reduced from 7.5% to 7.0% over a 3 yr period. CalPERS will recast prior obligations assuming a lower discount rate which creates additional unfunded historical liabilities.

Since RWA membership is voluntary, the Exec. Committee has focused on refining a funding strategy for RWA's unfunded accrued pension liability. RWA has been paying additional sums over and above the required contributions to the pension plan in order to pay down the pension liability more quickly.

Even though RWA has been paying the required pension funding contributions and increased additional contributions, RWA still has an unfunded liability. Since it is amortized unfunded liability costs into payments over long periods of time (typically 30 yrs) so as to smooth out the cash flow requirements from employers.

The executive committee has asked staff to develop more options to pay down these pension liabilities more quickly. The policy would have an annual attachment that would reflect an updated annual report of unfunded liability by each January to the Exec. Committee for review.

RWA is working on wording and language to bring back to the Exec. Committee for policy 500.16 to address the allocations of unfunded pension liabilities to withdrawing members.

Legislative and Regulatory Update:

Adam Robin reported that:

- a. Long term urban water efficiency legislation has RWA in a leadership position on bills AB968 & AB1654. It reflects the framework of over 100 organizations that support the bills. The Chair of appropriations is being lobbied as the bill is on the suspense file. Opposition for the bills have come from environmental non-gov(Friedman from LA). There will be a decision on the bill this Friday.
- b. Prop 218 -SB 231and SCA 4 (Hertzberg) is a bill that gives local agencies authority and flexibility regarding water rates structure on conservation and low income assistance.

- c. Public Goods Charge Legislation and SWRCB AB401 on the statewide low income water rate assistance program has slowed down. The state water board will probably resume the process by introducing legislative action later this year.
- d. Lead in Drinking Water Legislation whereby there is testing in schools for lead in the drinking water may go through.

Strategic Plan Progress Update:

RWA adopted its Strategic Plan 2013-2018 in late 2013. A number of internal and external factors have changed, including the passage of the sustainable groundwater management act, the drought emergency, and proposals for new permanent water conservation standards. The Exec Committee has discussed the progress on the plan implementation and the approach to update, modify and reprioritize elements of the plan. Over the course of the next several months goals and objectives of the plan will consider potential modifications.

Agenda:

- 1) Senate Constitutional Amendment SCA 4 (Hertzberg) Issue Update:
 - ACWA has had BOD look at this issue and cooperate with Senator Hertzberg. Our Jan and Fed Advisory Committee met, addressing this issue is a priority.
 - Wendy Ridderbusch reports that ACWA wants be more flexibility and to authorize voluntary lifeline rates subsidized with other rate payer dollars and conservation rates which identifies tiered rates to encourage conservation.
 - Author is Sen. Hertzberg who is with water recourses and capital at the Capitol
 - ACWA agreed to sponsor the bill. ACWA has language that were “must haves” and language that were “not to include”. Our language is now into council that will appear on the bill.
 - Howard Jarvis Taxpayers are opposed to the bill. Meetings are planned to discuss issues they raise.
- 2) Disadvantaged Communities (DACs) Issue:
 - a. Spring strategic planning session at ACWA included in it’s priorities as a board to provide leadership. When the State talks about this issue they are only a step away from a public goods charge.
 - b. Task for was put together and Brent Hasteley chaired that committee. Task force was made up for intelligent and diverse folks from around the state. There will be a needs assessment and working with the State Board to lead this movement. SB623 could be the vehicle to fund this plan.
 - c. Challenges have been poor decision by county supervisors with regards to building subdivisions. They haven’t been able to supply quality water supply, so they shouldn’t be building. Major funding gaps is O&M. Effects less than 2% of state population, so ACWA believes the general fund should be used for this. ACWA would like State Board to agree to agency sharing resources and spreading funds appropriate. State Board Staff doesn’t want to use general funds monies, but ACWA says that’s a small ask and will try to define how this can be done.
 - d. There are many key questions to address many issues. One being that local agencies must be given the flexibility to figures out where the water comes from and how the charges should be spread.
- 3) Little Hoover Commission Studies Update:
 - a. Last summer Little Hoover Commission expressed interest that was focused on Special Districts. The commission authored a report titled “Special Districts Relics of the past and resources for the future” studies. They focused on water and waste water agencies. Their claims have been incorrect fueled by the Howard Jarvis Foundation. ACWA worked to redirect the commission. The commission is focused on how we as water agencies are spending money and using reserves as outlined in a draft report past December 2016. The commission decided to put the report aside and talk to the

members of the commission to collect information they wanted in the report via survey. Once again they began rehashing topics like reserves and property tax and plan one more hearing. They will have one more meeting in June 23rd, 2017 in Sacramento with a public hearing. This region needs to have a lot of representation that can answer the questions that may be raised by the commission at this meeting. Commission members vary at the different meetings so they have not all been on the same page at the same time. This has caused a revisiting of issues that were thought to be resolved.

4) ACWA Local Gov. Fall 2017 Conference Program Idea:

List of topics will be emailed for the board's consideration of topics for the fall conference. By late July early Aug. will be the time when topics will be defined. Committee is looking for members to champion the selected topics.

Approval of January 27, 2017 meeting minutes

ACWA Update: Tim Quinn

- a. Bay Delta Water Quality Control wants a resolution or letter of support and send it to ACWA. This is a turning point for CA.
- b. Ag Initiative influencing almost everything staff does.

ACWA Update: Cindy Tuck, Deputy Executive Director of Government Relations.

- a. ACWA sponsored SCA 4 Water Service Rates
- b. Senate bill SBA 4 Hertzberg bill – develop a plan for water rate to low income rate payers.
- c. AB 401 (Dodd, 2015) wants implementation with funding
- d. Safe Drinking Water Lead Legislation: 6 bills on lead, legislature wants a broad testing for lead at schools. There is No state wide mandate for testing right now.

Washington Update: David Reynolds

- a. Trump Team Update: struggling learn how to govern. Mr Trump nominated lobbyist and former George W. Bush official David Bernhardt to be deputy secretary of the Interior. We can now move on to our infrastructure bill. Nominated David Bernhardt worked for water clients in CA. His confirmation will be a difficult confirmation.
 - a. Alan Mikkelsen is from Colorado was named as Reclamation's Deputy commissioner. He has extensive experience in mediation and facilitation focused on work with Native American tribes and water users of the west.
 - b. Appropriations and budes CA water budgets have been protected.
- b. 2017 budget was approved keeping the government running for 5 more months. Government has until Sept 30 to keep government working.
- c. Infrastructure Bill has had many hearing. Secty Chow says she has a blue print that will be out in the fall.
- d. Clean water for jobs in CA was well rec'd. Headwaters and Wildfire leg looks like it may prompt the senate to act. In senate, Sen Gains is trying to work the plan though the Ag Committee.
- e. WIIN Implementations has McCarthy and Feinstein pushing to get money of infrastructure. There is \$44M for drought \$67M for water storage, \$10 M for water recycling, \$24 M for Water Smart, \$6M for desalination and money for wildfires.

- f. HR 23: Water Act of 2017 provides drought relief in the state of CA. It was introduced Jan 3, 2017 to the house committees on natural resources: agriculture.

Bill Position

a. HR 1673 Bill sponsored by Conyers (D-M) titled: Water Affordability, Transparency, Equity & Reliability Act of 2017. The Bill is in House committees on transportation and infrastructure, energy and commerce ways and means agriculture. ACWA Staff recommendations is: watch.

b. Water Supply sub-committee is reviewing 5 bills: Ara Azhderian chairs the committee.

- HR 434 New Water Act. Authored by Denham (R-CA) introduced Jan 11, 2017. It authorizes the Dept of the Interior, for 15 yrs after the bill is enacted to provide financial assistance, such as secured loans or loan guarantees to entities that contract under federal reclamation law to carry out water projects within the 17 western states served by the Bureau of Reclamation. Denham has asked for ACWA support on this bill.
- HR 481 by Calvert (R-CA) titled the Rebuild Act introduced Jan 12, 2017. Amends the Natl. Environmental Policy Act of 1969 (NEPA) to authorize: 1) the assignment to states of federal environmental review responsibilities under NEPA and other relevant fed environmental laws for covered federal projects and 2) states to assume all part of those responsibilities. It's in the house committee on Natural Resources. ACWA's position on this bill is support.
- HR 1653 by Latta (R-OH) titled Drinking Water Affordability Act. It amends certain provisions of the safe drinking water act to allow disadvantage communities to repay SRF loads over 40 yr period. Exempts SRF funds from federal cross cutting requirements if applicable state laws are at least as stringent as federal laws like NEPA & ESA. It's a bill that is about being able to clear around electrical transmission lines and should get bi-partisan support. It also fits in with forest management. Requires EPA to conduct a study on best practices for administering SRF loans. In House committee on Energy and Commerce. ACWA's position of support.
- Lambert bill is about pump storage and ACWA has no issue with the language and is in a support position.

Abby Schneider – regulatory issues chart

1. Hr1653 Latta (Ohio) Drinking water issues. Disadvantage communities give them a longer loan periods of time to repay SRF loans. ACWA staff recommends support position.
2. Hr1579 Peters (D-CA) San Diego “Secure and Resilient Water System Act”. Includes language to require drinking water agencies to submit to EPA safe water drinking water vulnerability study to assess and address their vulnerabilities to climate change, source water degradation, and intentional acts and how systems to evaluate inherently safer technology like switching from Chlorine gas. ACWA Staff is a watch position
3. Hr1068 Palone (D_NJ) Safe Drinking Water Act Amendments of 2017 introduced Feb 15, 2017. Dictates how EPA should act with safe drinking water. Established a 9-month deadline for revising the lead and copper rule, as 12 month deadline for perchlorates, and 2 yr. deadline for per fluorinated compounds and microcystine toxins. It includes a grant program to help schools replace lead service lines and water fountains. It establishes deadline for MCL’s with the EPA. ACWA staff position is opposed
4. HR 939 Bustos (D-IL) Buyer America for Drinking Water Extension Act of 2017 and HR 904 by Lipinsky (D-IL) Buy American Improvement Act of 2017 are being put in the ACWA’s Watch position.
5. HR417 Lawrence (D_MI) is to amend the safe drinking water act to require improvement of consumer confidence reports, and for other purposes. Directs EPA to revise regulations about consumer confidence reports in order to increase their effectiveness and understandability. EPA must consult with public water systems, environmental groups, public interest groups, risk communications experts, and the States, and other interested parties and issue new regulations within 24 months. In house committee on energy and commerce. ACWA has a watch position.

Regulatory issues- Abby Schneider

Wotus language, ACWA position has been good enough for us to get in on the ground floor. It’s an opportunity for us to take everything we said and say this is everything that the late Justice Antonin Scalia’s plurality opinion, is what we’ve been saying. Mr. Trump signed an executive order to appeal the rule and rewrite it with judge Scalia’s opinion. The Supreme court will hear the case. EPA has reached out to national groups as required when preparing to introduce federalism. EPA will take comments until June 19th on what features define relatively permanent flow in streams and whether wetlands that directly abut navigable waters or those that have a continuous flow connection to navigable waters should be considered jurisdictional. ACWA expects that the 2015 wotus rule should be dead in June.

Jordan Smith with the ESA implementation related to the Natl endangered species act provided updates to this issue. The new administration is quickly on regulatory activities. In March there was a

memorandum to rescind the Obama mitigations policies of the 2015 memorandum. By end of June whether they will be revised or redrawn. There will either be a regulatory roll back or rescinding of the Wotus rule. Congress chairman Baraso from Wyoming. ESA is on the list of highest priorities. ACWA Staff thinks there will have a proposal by this summer. In the house, there has been interested Ron Bishop of Utah who is waiting for positions to be billed. Senate is more active than house but both are looking at opportunities to revise ESA.

Westcas from Jolene Walsh from Eastern Municipal Water District. This summer they're celebrating their 25th anniversary. Conference is unique but Westcas is partnering with dept. of clean water agencies focused on energy and issues specific to the arid west, which mirror ACWA's policies.

Sept 14th committee meeting ACWA Sacramento 10am

4:00pm

With

State water resource control board ~ Michael Lauffer

- 1) He stated that with the drought and relationships with water agencies, State Board was perceived as overreaching. The Governor rescinded the drought declaration. State Board wants agencies to maintain simple requirements reporting. Where we are now is that they are in an interim period on conservation requirements. They are pivoting into long term frame work for conservation.
- 2) Water fix hearing. CEQA comments were raised that they will be addressing and say that they are not looking at unimpaired flows. Sacramento riverside and east side tributaries released a scientific underpinning. State board put it through two processes one was giving the report to the Delta independence science board as an independent to evaluate the science in the report.
- 3) Portable safe drinking water SB401 develop by Feb 2018 lifeline assistance throughout the state and a new area for water board. Integrating drinking water program, finance and water quality program. Prop 218 not usually on state board agenda. Governor wants to reform Prop 218 with regards to sustainable conservation rates.
- 4) SGMA issues. Water board for 1st time this year will take some regulatory positions primarily under education to provide accurate time information on what is required for SGMA. Adopting regulations and establishing emergency rate structure on chapter 11 for basins not already covered.
- 5) Salt & Sea 2002 board approved long term water transfer. The agreement is about to expire after 15 yr. for moving forward on Salt & Sea issues. Imperial irrigations dist. as state board to mitigate and solve a salt & sea management coordination plan.
- 6) Cannabis area concerning water rights and stream depletion. They will be putting forward flow requirements for growing cannabis products. State water control has staff up will be releasing several policies that will affect water agencies. Regarding toxicity requirement, etc
- 7) MCL's on tract to adopt first MCL since the beginning of the program. Withdraw the chromium from the MCL. Judge Kruger's decisions was that the State Board did not legally e. explained why it was economically feasible. Had not analyzed economic impact on water agencies the board must go back and address the deficiencies and must adopt a new MCL.

Coachella Valley Water Dist v. Agua Caliente (Indian tribe). In 1st phase involves whether there is a right to ground water. The 9th dist said it was an inherent right. It's a federal preemptive right to water in the basin. This has an impact on other water users throughout the area. Asking for ACWA support on this issue. July 5th is the deadline to file the initial position. Requesting \$5K for an amicus brief draft. Motion was passed in support

SCA4 language is under development. Constitutional amendments require a 2/3rd vote, so language is being worked out about water rates with conservations and availability to set lifeline rates.

SGMA implementations issues and role of state board and DWR. Possibility of overlapping decisions in conflict. Request ACWA to work with State Board and DWR to work with State Board Staff and define what are local agency responsibility.

GSA/JPIA risk pool being considered. Legal committee wants to set a subcommittee to discover how insurance could be offered and spread the risk to all the GSA's. Robert who is general counsel for the GSA's. JPIA says that if all the participants are already JPIA members then the fee would be \$1,1925 per year for up to \$60M liability coverage. Hoping to create a pool to cover all the GSA's in the state and need to get the formation going and daylight all the issues that they would and would not be covered under the insurance.

Andre spoke about WOTUS brief. Argue that the prior rule of 2015 should replace or rescind it to Judge Scalia's decision. Supreme court will hear the case. EPA held a meeting with national organizations to tell them they are rescinding the rule and rewriting it. EPA will rescind in June or July and will rely on the 2008 decision under the nexus statement. EPA will make a rule under Justice Scalia's decision.

Hyatt Regency Hotel, Monterey, CA

- 1) ACWA JPIA Executive Committee Election
 - a. Tom Cuquet, South Sutter Water District (Incumbent)
 - b. David Drake, Rincon del Diablo Municipal District (incumbent)
 - c. Melody McDonald, San Bernardino Valley Water Conservation District (incumbent)
 - d. Kathy Tiegs, Cucamonga Valley Water District (newly elected)
- 2) Glossary Terms of the Board of Director's Manual was approved
- 3) ACWA's Executive Director, Tim Quinn made a presentation on how ACWA and the JPIA work together to serve public water agencies.
 - a. 2017 Banner year with:
 - i. Committed Governor on water issues
 - ii. Partnerships with the Federal Government
 - iii. CA Water Action Plan
 - b. ACWA's Core Values:
 - i. Coequal Goals
 - ii. Collaborative Decision Making
 - iii. Comprehensive Solutions
 - c. ACWA Board has 12 goals in its strategic plan & policy principals
 - i. One topic was the Bay Delta flow management plan that focuses on unimpaired flows for fish and wildlife. This is not a coequal goal and undermines the CA water action plan and SGMA. ACWA passed a resolution to support positions on flow management plans that ACWA worked on and put forth.
 - ii. Long Term Conservation Plan
 - iii. Water Storage is a critical element to the comprehensive water plan. There is \$2.7Billion dollars in Prop 1 funding for new storage for CA.
 - iv. ACWA wants flexibility for water rates. The flexibility for water agencies to set water rates for conservation or tiered rates as well a voluntary life line rates that uses tax payer funding.
 - v. The Next Generation Initiative are helping to provide tools to help member agencies to attract next generation water professionals for the future of Water in CA.
 - vi. Topics on Headwater and watershed and drinking water solutions and Ag Water also made the topics list.
- 4) JPIA Conflict of Interest Code was reviewed and passed the vote unanimously. Every 2 years the Conflict of Interest Code is reviewed. The FPPC approves the Conflict of Interest Code and then the Board votes for approval.
- 5) Audited Financials for the year ending Sept 2016 with a clear report from the auditors and was voted on and passed unanimously.

- 6) The operating budget for Financial Yr. Oct 1, 2017-2018 was passed unanimously. It was discussed that 80% of the budget was reflective of a 2.5% cola adjustment and 80% of the budget involves computer updates, software, salaries and benefits. The budget shows that \$250K is currently being spent on fees we pay towards the affordable care act. However, the affordable care act fees will be going away with the latest legislation from the federal government.
- 7) JPIA Program Updates:
 - a. Liability: \$5Million in retention means that all member share in the first \$5M of every loss.
 - b. Property: JPIA is working to reduce the impact of large claims. Claims for flooding with examples like Oroville and earthquake coverage now have a \$100K retention rate. All, but 6 counties are covered in the State of CA.
 - c. Workers Comp is a stable program. Changes to the program are only effected by legislative changes. Medicare wants to set aside money to settle the claims of the retirees. Stipulated awards would keep future medical care plans open (Medicare). JPIA knows that those plans are consumer driven and have a high deductible plan. They are considering perhaps an employee health savings account given to the employee that can be taken with them when they leave their employer and managed by the employee. Pharmacy costs are rising at the higher rate than anything else. JPIA is offering wellness grants up to \$75K as seed money for employee programs that focuses on employee actions for better health.
- 1) HR LaBounty Safety Award recognizes training and utilization in safety for confined space rescue, eliminating hazards, field ergonomics, infrastructure improvements, etc. San Juan and other agencies that won awards were listed in the section noted as "Commitments to Excellence".
- 2) Risk Management Program Update: Human resource has many resources for training and leadership programs. They can be found on their website and provide job description, court ruling and public information act changes in the law, just to name a few. HR provides classes and meetings and webinars and have a program call "just in time" which is a hotline for liability program mentors. Training updates can be used for professionals, supervisor law classes and sexual harassment training. The Leadership Program graduated 22 students from the fall program and current have 25 planning to graduate now.
- 3) CEO Update: JPIA did not vote to allow the Central Basin Water Agency back into the pool based on current issues and events.

**Personnel Committee Meeting
San Juan Water District
May 5, 2017
4:00 p.m.**

Committee Members: Dan Rich, Chair
Bob Walters, Director

District Staff: Paul Helliker, General Manager
Keith Durkin, Assistant General Manager
Donna Silva, Director of Finance
Tony Barela, Operations Manager
Teri Grant, Board Secretary/Administrative Assistant

Topics: Recruitment of AGM and Other Positions (W & R)
Other Personnel Matters
Public Comment

1. Recruitment of AGM and Other Positions (W & R)

Mr. Paul Helliker informed the committee that, after further consideration, there are a few options available regarding the Assistant General Manager (AGM) position. He provided the committee with a handout which showed three scenarios to filling the District's staffing needs. A copy of the document will be attached to the meeting minutes. The three scenarios are:

1. Fill the AGM position – status quo
2. Eliminate the AGM position and add HR and Safety positions
3. Keep the AGM position and add HR position

Mr. Helliker explained that, under Scenario 2, the job duties of the AGM would be dispersed mainly to the Operations Manager, the Director of Finance and the General Manager; therefore, some job duties under these positions would need to then be dispersed to an HR position, a Safety and Compliance position, and to the existing Water Resources Specialist. He explained that eliminating the AGM position and adding two positions in its place is almost budget neutral.

Mr. Helliker also informed the committee that he will be moving the Customer Services Manager and the Customer Service and Conservation Departments under the Director of Finance. In addition, the IT Administrator would possibly be moved to report to the Director of Finance. Mr. Helliker pointed out that the Water Resources Specialist provides greater support on external activities at this time and works closely with the Operations Manager. Mr. Helliker recommended Scenario 2 and explained that the Director of Finance or the Operations Manager would act as the General Manager in his absence.

Director Walters commented that the Water Resources Specialist title should be reviewed and possibly changed to reflect the job duties of the position since that position is tasked with more responsibility than in the past. In addition, he expressed concern regarding adding the new positions and would like to see the justification. Mr. Helliker explained how the HR position would bring in expertise and knowledge to fulfill

the District's HR needs which was outlined in the October 2016 HR Audit. Director Rich commented that the managers need the tools to get the job done and by adding additional work to their positions, the HR position and the Safety position will be needed. Mr. Helliker will provide a written report with the justification that Director Walters requested for the Safety position. In addition, Mr. Helliker will review and revise the Water Resources Specialist title and later will review the salary range of the position.

The committee discussed the scenarios and staff's recommendation of Scenario 2.

The Personnel Committee recommends pursuing Scenario 2 for discussion at the May 24th Board meeting.

2. Other Personnel Matters

Ms. Donna Silva informed the committee that she will need to postpone the budget workshop which was scheduled to occur at the May 24th Board meeting due to time constraints. She will discuss this with the Board on May 24th and at that time will determine if a Special Meeting on June 7th is needed. Mr. Helliker commented that he will be reviewing the organizational structure at the May 24th Board meeting.

Director Walters inquired if the Board would be discussing Mr. Tom Gray's (FOWD General Manager) letter. Mr. Helliker informed the committee that he would be responding to the letter and will inform the Board.

3. Public Comment (W/R)

There was no public comment.

The meeting was adjourned at 5:05 p.m.

Scenario #1: Fill the AGM position - status quo

	Allocation Whsl/Retail	Salary (mid-range)	Benefits	Total Compensation	Wholesale Cost	Retail Cost
AGM - Current Pay	70%-30%	\$ 198,681	\$ 75,295	\$ 273,976	\$ 191,783	\$ 82,193
AGM - Proposed	70%-30%	\$ 170,700	\$ 71,300	\$ 242,000	\$ 169,400	\$ 72,600
			Savings	\$ (31,976)		

Scenario #2: Eliminate AGM, add HR and Safety Positions

	Allocation Whsl/Retail	Salary (mid-range)	Benefits	Total Compensation	Wholesale Cost	Retail Cost
HR Coordinator	50%-50%	\$ 83,200	\$ 44,900	\$ 128,100	\$ 64,050	\$ 64,050
Safety Manager	50%-50%	94,000	46,600	140,600	70,300	70,300
Contract Savings				(10,000)		
Total Cost		\$ 177,200	\$ 91,500	\$ 258,700	\$ 134,350	\$ 134,350
			Total cost increase/(decrease) from current	\$ (15,276)		
			Total cost increase/(decrease) from proposed AGM	\$ 16,700		

Scenario #3: Keep AGM, add HR position

	Allocation Whsl/Retail	Salary (mid-range)	Taxes & Benefits	Total Compensation	Wholesale	Retail
AGM	70%-30%	\$ 170,700	\$ 71,300	\$ 242,000	\$ 169,400	\$ 72,600
HR Coordinator (1)	50%-50%	94,000	46,600	140,600	70,300	70,300
Contract Savings				(10,000)		
Total Cost		\$ 264,700	\$ 117,900	\$ 372,600	\$ 239,700	\$ 142,900
			Total cost increase/(decrease) from current	\$ 98,624	\$ 70,300	\$ 70,300
			Total cost increase/(decrease) from proposed AGM	\$ 130,600		

¹⁾ For this scenario the HR Coordinator salary has been increased to the Safety Manager level to reflect the increased responsibility for the safety program

Assumptions:

Salaries pegged at mid-point of range

AGM range assumed to be between top of Finance Director range and current GM salary

**Finance Committee Meeting Minutes
San Juan Water District
May 16, 2017
4:00 p.m.**

Committee Members: Ted Costa, Director (Chair)
Ken Miller, President

District Staff: Paul Helliker, General Manager
Donna Silva, Director of Finance
Tony Barela, Operations Manager
George Machado, Field Services Manager
Teri Grant, Board Secretary/Administrative Assistant

Member of the Public: Ingrid Shepline, Richardson & Company

Topics: Review and Approve General Manager Expense Reimbursements
Advance Refunding of the Series 2009A Certificates of Participation
Payment Towards Unfunded Pension Liability
Review and Discuss Audit Engagement Letter with Auditor from Richardson & Co
Authorization to Procure Grazing Services for District @ Baldwin and Kokila Reservoirs
Other Finance Matters
Public Comment

1. Review and Approve General Manager Expense Reimbursements

The committee reviewed the General Manager expense reimbursements and they were found to be in order.

The Finance Committee recommends payment of General Manager expense reimbursements.

At the request of Ms. Silva, Director Costa moved agenda item 4 before agenda item 2. The meeting minutes will remain in the original order.

2. Advance Refunding of the Series 2009A Certificates of Participation (COP's)

Ms. Silva provided the committee with a staff report which will be attached to the meeting minutes. She explained that the beginning amount due on the Series 2009A COP's was \$30.51 million and at this time the remaining due is \$28.375 million. She explained that, with the refunding of the COP's, it is anticipated that the District will save \$11.67 million through fiscal year 2039. She informed the committee that the annual debt service savings will be between \$400,000 and \$500,000 and that the savings will be split between wholesale and retail (64% Wholesale and 36% retail). Ms. Silva informed the committee that Standard & Poors recently affirmed the District's AA rating.

In response to Director Costa's questions, Ms. Silva will provide the Board with the total amount of interest that will be paid and she explained that the existing debt service payments will cover the new debt service payments. In addition, Mr. Helliker suggested that the savings from the refunding be discussed with the Board in a year to allow for any

fluctuations in revenue and expenses. Ms. Silva informed the committee that the bond team will be attending the Board meeting on May 24th.

In response to Director Costa's question, Ms. Silva will find out if there are funding sources other than bonds to accomplish the refunding of the Certificates of Participation. Mr. Helliker informed the committee that the District submitted an application for the infrastructure bonds under the Trump Administration for the two reservoirs.

The Finance Committee recommends adoption of Resolution 17-13 authorizing the issuance and sale of water revenue refunding bonds for the purpose of refinancing the costs of acquiring and constructing water system improvement projects, approving an official statement and related matters.

3. Payment Towards Unfunded Pension Liability

Ms. Silva provided the committee with a staff report which will be attached to the meeting minutes. She explained that a \$4.112 million payment towards the unfunded pension liability was included in the financial plans and will result in a \$4.1 million savings over the life of the repayment schedule.

The committee discussed the possibility of looking at the benefit of getting out of the CalPERS system for District pensions. Ms. Silva will provide the committee with a memo which the District's legal counsel provided regarding CalPERS.

The Finance Committee recommends consideration of a motion authorizing staff to make a payment of \$4,112,000 to pay down a portion of the current unfunded pension liability.

4. Review and Discuss Audit Engagement Letter with Auditor from Richardson & Company

Ms. Silva informed the Finance Committee that they were charged with overseeing the annual audit. Mr. Helliker explained that this was discussed at the last Board meeting and that President Miller directed the Finance Committee to act as the Audit Committee and oversee the annual audit. Ms. Silva introduced Ms. Ingrid Shepline from Richardson & Company. Director Costa expressed concern regarding a posting error which occurred in the past and which was not discovered by the auditors.

Ms. Shepline provided the committee with an outline of Richardson & Company's plan for the audit which included the Auditor's Responsibility under Generally Accepted Auditing Standards, Scope of Audit, and Timing of Audit. A copy of the handout will be attached to the meeting minutes. She explained that the auditors look at the year-end reports and not monthly reports. Mr. Helliker informed the committee that he reviews monthly financial reports and also has access to the Tyler Financial system which he utilizes to review accounts in detail. In addition, Mr. Helliker informed the committee that he will be providing the Board with a monthly operations report which will include financial information.

Ms. Shepline explained that Richardson & Company will issue an opinion regarding San Juan Water District as a whole and will not issue separate opinions for wholesale and retail. In response to Director Miller's question, she explained that reviewing 10% of employee payroll files is a valid sampling size; however, should the Board request a larger sampling size then the scope of work would need to be expanded.

The Finance Committee agreed with Richardson & Company's plan for the audit and Director Costa signed the letter of engagement.

For information only, no action requested.

5. Authorization to Procure Grazing Services for District @ Baldwin and Kokila Reservoirs

Mr. George Machado provided the committee with a staff report which will be attached to the meeting minutes. He explained that the District utilized this service last year and it was very successful. The committee discussed the service and agreed with staff's recommendation to proceed with the service this year.

The Finance Committee recommends consideration of a motion authorizing staff to procure grazing services for the Baldwin and Kokila Reservoirs in the amount of \$16,000 to NM Ranch for FY16-17.

6. Other Finance Matters (W & R)

Mr. Tony Barela explained that there are a couple options that could be done to rehabilitate the Old Shop Building. He explained that HDR provided plans for a \$90,000 project to repair the structure. In addition, a facilities needs assessment is being performed and the architect could include an estimate for the building to be replaced. The committee discussed the Old Shop Building – the repairs needed, the concerns regarding safety, and the cost to repair or replace. The committee recommends that the paper files be moved to an offsite storage facility. In addition, the committee recommends revisiting the discussion regarding the building in July when the budget is complete and not including any funds in the FY 2017-18 budget for the repair of the structure.

In response to Director Costa's question, Mr. Machado informed the committee that Field Services is down one employee as they just filled a Distribution Operator position.

7. Public Comment

There were no public comments.

The meeting was adjourned at 5:22 p.m.

The attachments for the Finance Committee meeting minutes items 2, 3, and 5 are located under Board Agenda Items V-1, V-2, and III-4, respectively.

SAN JUAN WATER DISTRICT

AUDIT PLANNING MEETING

May 16, 2017

Auditor's responsibility under generally accepted auditing standards

Objective is opinion on the financial statements

Conclude as to fair presentation of the financial statements

Reasonable assurance that financials are free from material misstatement

Internal control evaluated for effect on financials, not an opinion

Compliance with laws, regulations, contracts, grants affecting financials

Other information included with financials (MD&A, Pension and OPEB funding progress, separate fund financials, CAFR)

Scope of Audit

Audit under generally accepted auditing standards

Obtain an understanding of internal control and identify risk areas (includes inquiries of Board, management and employees regarding fraud risks)

Determine materiality level

Audit involves sampling using statistical methods and judgment

Testing of internal controls

Cash Receipts/Billings—25 customer billings and payments (randomly selected)

Payroll disbursements—10% of the employees

General cash disbursements—25 invoices and purchase orders (randomly selected)

Limited review of credit card and expense reimbursement transactions

Testing of year-end account balances

Examine documentation of material account balances and those with potential risk

Look for material misstatements based on calculated materiality amounts

Timing of Audit

Interim fieldwork—June

Internal control understanding and testing, review of policies

Year-end fieldwork—late September/early October

Testing of material year end balances

Preparation of financial statements-October/November

Review audit results with Finance Committee/Board—November/December



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April 28, 2017

San Juan Water District
9935 Auburn-Folsom Road
Granite Bay, California 95746

We are pleased to confirm our understanding of the services we are to provide the San Juan Water District (the District). We will audit the financial statements, including the notes to the financial statements which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2017, and at the District's option the years ended June 30, 2018, 2019, 2020 and 2021. A Comprehensive Annual Financial Report will be prepared. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions – Miscellaneous Plan
3. Schedule of Funding Progress of the Other Postemployment Benefits Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements:

1. Schedule of Expenditures of Federal Awards, as applicable
2. Statement of Net Position – Wholesale Operating
3. Statement of Net Position – Wholesale Capital

4. Statement of Net Position – Retail Operating
5. Statement of Net Position – Retail Capital
6. Statement of Revenue, Expenses, and Changes in Fund Net Position – Wholesale Operating
7. Statement of Revenue, Expenses, and Changes in Fund Net Position – Wholesale Capital
8. Statement of Revenue, Expenses, and Changes in Fund Net Position – Retail Operating
9. Statement of Revenue, Expenses, and Changes in Fund Net Position – Retail Capital
10. Capital Asset Rollforward – Wholesale
11. Capital Asset Rollforward – Retail

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Transmittal Letter
2. Statistical Section

Audit Objective

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Minimum Audit Requirements and Reporting Guidelines for California Special Districts and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue written reports upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements or the compliance opinion are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement, or may withdraw from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*. The *Government Auditing Standards* report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the District is subject to an audit

requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards. Because of the importance of oral and written management representations to an effective audit, the District releases and indemnifies Richardson & Company, LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any active negligence on the part of the District.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal

acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing and maintaining effective internal controls, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected

misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that we report.

You are responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statement and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Administration and Other

The workpapers for this engagement are the property of Richardson & Company, LLP and constitute confidential information. The workpapers for this or any engagement for you will be retained for a minimum of seven years after the date the auditor's report is issued, or longer if required by generally

accepted auditing standards. The firm will make available its workpapers and respond to all reasonable inquiries of successor auditors and others to review workpapers of the District, upon the District's written request or consent. Access to such workpapers will be provided under the supervision of Richardson & Company personnel at a location designated by our Firm. Furthermore, upon your request or consent, we may provide photocopies of selected workpapers to the successor auditors or others. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the District.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such access.

If the District intends to publish or otherwise reproduce in any document our report on the District's financial statements, or otherwise make reference to our Firm in a document that contains other information in addition to the audited financial statements (e.g., in a debt offering circular for example), the District agrees that prior to making any such use of our report, or reference to our Firm, management will provide us with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our report, or the reference to our Firm, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report and any request by the District to reissue our report or to consent to its inclusion or incorporation by reference in an offering or other document will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request to make use of our report, or reference to our Firm; fees for such services would be based upon the rates for additional services as described in the Professional Fees section of this letter.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, if applicable, you understand that electronic sites are a means to distributed information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our Firm, as well as all other accounting firms with a significant audit practice, participates in a "peer review" program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us.

Ingrid Shepline will serve as the engagement partner and is responsible for supervising the engagement and may sign the auditor's reports or authorize another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our current peer review report accompanies this letter.

Professional Fees

Our total not-to-exceed cost for the year ended June 30, 2017 is \$27,900, which includes the scope of work outlined in our proposal, including financial statement preparation. The District may terminate the contract with 30 days written notice. If the District elects to extend the contract, the fees for the years ended June 30, 2018, 2019, 2020 and 2021 will be \$28,600, \$29,300, \$30,200 and \$31,100, respectively. The fees quoted include ten hours per year for occasional consultation regarding financial accounting and reporting matters that might arise at the District during the year. Progress billings will be sent as the audit progresses based on hours of work completed.

Changes in Scope That Could Result in a New Fee Arrangement: In the event that the scope of the audit increases due to the receipt of federal grant funds, new debt issuances, changes in accounting or auditing pronouncements and standards, laws or regulations, the loss of key accounting personnel, material weaknesses in the internal control environment, or significant changes in the scope the District's operations, we will discuss the situation with you and arrive at a new mutually agreed upon fee arrangement.

If the District requires a Single Audit, our fee for auditing one major program would be \$3,900 for the first major program and \$2,400 for each additional major program each year. Our fees are based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered. Our fees assume the books will be closed prior to the start of the audit and that District staff prepares the statistical section and the Management's Discussion and Analysis.

Additional Services: The fee for additional services provided under this engagement letter or otherwise requested by the District, if any, will be based on a rate per hour by staff classification as follows:

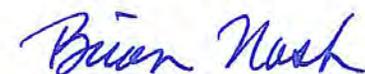
<u>Classification</u>	<u>Hourly Rates</u>
Principal/Audit Director	\$ 180
Senior Managers	140
Managers	130
Supervisors	120
Seniors	110
Semi-senior	90
Staff	80
Clerical	60

If any provision in this letter is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

RICHARDSON & COMPANY, LLP



Brian Nash, CPA
Partner

San Juan Water District

April 28, 2017

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Response:

This letter correctly sets forth the understanding of the San Juan Water District and is signed by the officer authorized by the Board of Directors to enter into this agreement on the District's behalf.

Management Signature:

By: _____ Title: _____

Date: _____

Governance Signature:

By: _____ Title: _____

Date: _____



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System Review Report

July 15, 2015

To the Partners of
Richardson & Company, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Richardson & Company, LLP** has received a peer review rating of *pass*.

Davis Kinard & Co, PC

Certified Public Accountants

STAFF REPORT

To: Board of Directors
From: George Machado – Field Services Manager
Date: May 24, 2017
Subject: Authorization to Procure Grazing Services for District

RECOMMENDED ACTION

Staff requests authorization to procure grazing services for the Baldwin and Kokila Reservoirs in the amount of \$16,000 to NM Ranch for FY16-17.

BACKGROUND

Grazing services were utilized with great success last fiscal year at Baldwin Reservoir for weed control on overgrown vegetation and for fire prevention. Located at this site is the Bacon pump station and solar facility. Last year NM Ranch provided grazing service at Baldwin Reservoir in 3 areas, totaling 16 acres at a calculated cost of \$562.50 per acre. The feedback from residents has been very positive and staff is recommending this service again for the current FY 2016-17.

This fiscal year the District plans to proceed with grazing the entire Baldwin Reservoir area, an estimated total area of 23 acres. In addition the District would like to add the Kokila Reservoir site. Due to this increase in scope, the total cost will be \$16,000 and requires Board approval per Ordinance 2000.

We have received and evaluated four responses for this effort. NM Ranch provided service area pricing, while the other grazing services provided a per acre price. The acre price had been extended and the total cost is summarized below.

Vendor	\$ Per / Acre	Baldwin (23 Acres)	Kokila (2 Acres)	Total
NM Ranch	\$ 640.00	\$ 13,500.00	\$ 2,500.00	\$ 16,000.00
Living Systems Management	\$ 875.00	\$ 20,125.00	\$ 1,750.00	\$ 21,875.00
Legacy Ranching	\$ 983.33	\$ 22,616.59	\$ 1,966.66	\$ 24,583.25
The Goat Works	\$ 1,000.00	\$ 23,000.00	\$ 2,000.00	\$ 25,000.00

The standard local charge for grazing services is \$1,000 per acre with the price lowering to \$750 per acre for the later summer months. NM Ranch will provide this service 37% lower than the next closest bidder and 17% less than the summer month rate. Staff is recommending utilizing NM Ranch for the current fiscal year grazing services.

FINANCIAL CONSIDERATIONS

This item was planned and budgeted for in Fiscal Year 2016-17.