

AGENDA
SAN ELIJO JOINT POWERS AUTHORITY
MONDAY OCTOBER 10, 2011 AT 9:00 AM
SAN ELIJO WATER RECLAMATION FACILITY – CONFERENCE ROOM
2695 MANCHESTER AVENUE
CARDIFF BY THE SEA,
CALIFORNIA

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. ORAL COMMUNICATIONS (NON-ACTION ITEM)
5. PRESENTATION OF AWARDS
None
6. * **CONSENT CALENDAR**
7. * APPROVAL OF MINUTES FOR THE JULY 11, 2011 MEETING
8. * APPROVAL FOR PAYMENT OF WARRANTS AND MONTHLY INVESTMENT REPORTS
9. * SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS – MONTHLY REPORT
10. * SAN ELIJO JOINT POWERS AUTHORITY RECYCLED WATER PROGRAM – MONTHLY REPORT
11. * OCEAN OUTFALL PILE SUPPORT REPAIR AUTHORIZATION
12. * ITEMS REMOVED FROM CONSENT CALENDAR

Items on the Consent Calendar are routine matters and there will be no discussion unless an item is removed from the Consent Calendar. Items removed by a "Request to Speak" form from the public will be handled immediately following adoption of the Consent Calendar. Items removed by a Board Member will be handled as directed by the Board.

REGULAR AGENDA

13. **QUARTERLY RECYCLED WATER UPDATE – PRESENTATION ON THE NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT**

No action required. This memorandum is submitted for information only.

Staff Reference: General Manager

14. **APPROVE CONSTRUCTION LOAN FOR THE ADVANCED WATER TREATMENT SYSTEM AT THE SAN ELIJO WATER RECLAMATION FACILITY**

It is recommended that the Board of Directors:

1. Authorize General Manager to execute the Advanced Water Treatment Construction Loan with Municipal Finance Corporation for an amount not-to-exceed \$2,000,000;
2. Adopt Resolution 2012-01 Authorizing the Execution and Delivery of the Loan Agreement; and
3. Discuss and take action as appropriate.

Staff Reference: General Manager

15. **BOND ISSUE REFUNDING**

It is recommended that the Board of Directors:

1. Authorize the General Manager to pursue refunding wastewater debt; and
2. Discuss and take other actions as appropriate.

Staff Reference: Director of Finance/Administration

16. **GENERAL MANAGER'S REPORT**

Informational report by the General Manager on items not requiring Board action.

17. **GENERAL COUNSEL'S REPORT**

Informational report by the General Counsel on items not requiring Board action.

18. **BOARD MEMBER COMMENTS**

This item is placed on the agenda to allow individual Board Members to briefly convey information to the Board or public, or to request staff to place a matter on a future agenda and/or report back on any matter. There is no discussion or action taken on comments by Board Members.

19. **CLOSED SESSION**

None

A closed session may be held at any time during this meeting of the San Elijo Joint Powers Authority for the purposes of discussing potential or pending litigation or other appropriate matters pursuant to the "Ralph M. Brown Act".

20. ADJOURNMENT

The next regularly scheduled San Elijo Joint Powers Authority Board Meeting will be November 14, 2011 at 9:00 a.m.

NOTICE:

The San Elijo Joint Powers Authority's open and public meetings meet the protections and prohibitions contained in Section 202 of the Americans With Disabilities Act of 1990 (42 U.S.C Section 12132), and the federal rules and regulations adopted in implementation thereof. Any person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting of the SEJPA Board of Directors may request such modification or accommodation from Michael T. Thornton, General Manager, (760) 753-6203 ext. 72.

The agenda package and materials related to an agenda item submitted after the packet's distribution to the Board is available for public review in the lobby of the SEJPA Administrative Office during normal business hours. Agendas and minutes are available at www.sejpa.org. The SEJPA Board meetings are held on the second Monday of the month, except August.

AFFIDAVIT OF POSTING

I, Michael T. Thornton, Secretary of the San Elijo Joint Powers Authority, hereby certify that I posted, or have caused to be posted, a copy of the foregoing agenda in the following locations:

San Elijo Water Reclamation Facility, 2695 Manchester Avenue, Cardiff, California
City of Encinitas, 505 South Vulcan Avenue, Encinitas, California
City of Solana Beach, 635 South Highway 101, Solana Beach, California

The notice was posted at least 72 hours prior to the meeting, in accordance with Government Code Section 54954.2(a).

Date: October 5, 2011



Michael T. Thornton, P.E.
Secretary / General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON JULY 11, 2011
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Thomas M. Campbell, Chair

Teresa Barth, Vice Chair

A Meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, July 11, 2011, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

Chair Campbell called the meeting to order at 9:00 a.m.

2. ROLL CALL

Directors Present:

Teresa Barth
Thomas M. Campbell
Maggie Houlihan
Dave W. Roberts

Others Present:

General Manager
Director of Finance/Administration
Director of Operations
Administrative Assistant
Accounting Technician

Michael Thornton
Greg Lewis
Christopher Trees
Monica Blake
Carrie Cook

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Aiko Osugi

City of Encinitas,

Director of Public Works

Larry Watt

City of Encinitas,

Public Works Management Analyst

Bill Wilson

City of Solana Beach,

City Manager

David Ott

City of Solana Beach,

Director of Engineering/Public Works

Mohammad "Mo" Sammak

Brandis Tallman, LLC

Richard Brandis
Nicki Tallman

3. PLEDGE OF ALLEGIANCE

Chair Campbell led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

None

6. CONSENT CALENDAR

Moved by Board Member Houlihan and seconded by Board Member Roberts to approve the Consent Calendar with unanimous vote of approval.

Consent Calendar:

Agenda Item No. 7	Approval of Minutes for the June 13, 2011 meeting
Agenda Item No. 8	Approval for Payment of Warrants and Monthly Investment Report
Agenda Item No. 9	San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report
Agenda Item No. 10	San Elijo Joint Powers Authority Recycled Water Program – Monthly Report

11. ITEMS REMOVED FROM CONSENT CALENDAR

None

12. UPDATE TO THE FINANCING AND CONSTRUCTION OF THE ADVANCED WATER (DEMINERALIZATION) TREATMENT SYSTEM AT THE SAN ELIJO WATER RECLAMATION FACILITY

General Manager Michael Thornton provided a detailed update on the financing and construction delivery method of the proposed Advanced Water Treatment Project. Based on current financial projections, it appears that the Recycled Water Program can sustain new capital debt as proposed. However, the General Manager noted that there is the potential for the program's cash flow to go negative during the three to four years after construction. The reason is that recycled water sales over the last two years have dipped and if this trend holds revenues could be below expenses in the near-term. Based on financial modeling, this short fall in revenues could be on the order of \$120,000. The General Manager stated that if this were to occur, the SEJPA would use unrestricted reserve funds to gap the difference. On the other hand, if water sales return to the level of 2009, before mandatory watering conservation, financial modeling indicates water sale revenues will be sufficient and cash flow would remain positive. The General Manager reviewed several financial graphs for the recycled water program that highlighted the historical financial performance of the program and projections of expected future performance.

Under the current planned financing structure for the project, recycled water reserves will fund \$2 million of the estimated \$4.7 million construction cost. The remaining \$2.7 million is planned to be funded through grant funds (approximately \$700,000) and a construction loan (approximately \$2 million). This proposed financing plan keeps approximately \$1.2 million in recycled water reserves to fund unforeseen events, revenue shortfalls, or emergency repair projects.

The General Manager stated there are both benefits and risks associated with constructing this project now. Benefits include a favorable market for construction, favorable interest rates for financing, the award of \$700,000 in grant funding, avoiding regulatory action against the program, and maintaining customer satisfaction with water quality. Factors that weigh against starting construction now include acquiring additional debt during a period of reduced water sales. The cost of this new debt payment has the real potential to cause revenues to fall short of expenditures in the near term, forcing the program to use some reserves to balance the program budget. This risk could be mitigated by waiting until the program built enough reserves to pay cash. However, delaying this project several years or more could increase risk and cost to the SEJPA due to the possibility of escalating construction and financing costs, regulatory action against the program, and the expiration of grant funding.

The General Manager reported that last month SEJPA staff was given direction to pursue negotiations with W.M. Lyles, LLC on a lease-purchase agreement for the construction and financing of the treatment project. The lease-purchase agreement would deliver the project in a manner similar to design-build. The negotiated construction cost would be reached through an open-book bid approach, which allows the SEJPA to review and agree on the cost of each element and category of the project, resulting in a final agreed project price, referred to as a guaranteed maximum price. Discussion with W.M. Lyles on the development of the guaranteed maximum price has proceeded well. However, the financier that W.M. Lyles had partnered with could not provide financing to the SEJPA under the existing conditions. As a result, the SEJPA has engaged Brandis Tallman, LLC, which had previously been identified as preferred alternative to W.M. Lyles financing.

The General Manager introduced Richard Brandis, of Brandis Tallman, LLC, a municipal bond underwriting firm. Mr. Brandis stated that his firm could produce financing for this project. He stated that the Member Agency's sanitation district funds may need to be pledged as secondary revenue to secure the lowest possible interest rate. Mr. Brandis stated that he would work with SEJPA staff to develop a loan document to be returned to the SEJPA Board for consideration.

All Board Members thanked the General Manager and Mr. Brandis for the presentation. The Board Members agreed unanimously to allow Brandis Tallman, LLC to develop a loan proposal for this project, without the suggested resolution to initiate the underwriting.

Moved by Board Member Houlihan and seconded by Vice Chair Barth to:

1. Direct the General Manager to move forward with preparing a financing package to be presented to the Board of Directors at September 12, 2011 Board meeting.

Motion carried with unanimous vote of approval.

15. GENERAL MANAGER'S REPORT

General Manager Michael Thornton noted that the California Association of Sanitation Agencies (CASA) was holding their summer conference in San Diego. The conference brochure was distributed to the Board and the General Manager stated that if Board Members were interested in attending, to please contact him for arrangements.

The General Manager informed the Board of Directors that staff is evaluating the opportunity to refund the SEJPA's 2003 Wastewater Bond. The bond has approximately eight years of remaining debt and there is an opportunity to call the bond in early 2012. Based on current market conditions, the projected overall savings are approximately \$500,000. More information will be provided at the September Board meeting.

16. GENERAL COUNSEL'S REPORT

None

17. BOARD MEMBER COMMENTS

None

18. CLOSED SESSION

The Board of Directors went into closed session at 9:53 a.m. pursuant to Government Code Section 54957 with respect to Public Employee Performance Evaluation for the General Manager.

The Board of Directors came out of closed session at 9:58 a.m. with no reportable action.

19. ADJOURNMENT

The Board of Directors adjourned at 9:58 a.m. The next Board of Directors meeting will be held on September 12, 2011.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

PAYMENT OF WARRANTS
12-10
30-Sep-11

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
<u>12-10 Warrants</u>		
Abcana Industries	Hydrochloric acid - plant	\$323.80
Advanced Air & Vacuum	Air compressor service - water reclamation	\$729.93
AG Tech, LLC	Biosolids hauling - August	\$7,710.35
Arizona Instrument	Loaner h2s analyzer - plant	\$220.00
Arrowhead	Kitchen and lab supplies	\$251.03
AT&T	Alarm service	\$379.61
Atlas Pumping Service	Grease and scum pumping - September	\$473.96
Atlas Pumping Service	Grease and scum pumping - August	\$554.88
Barracuda Networks, Inc.	Network - backup - plant	\$50.00
Blake, Monica	Expense report - mileage	\$29.13
CDM, Inc.	Electrical upgrades	\$3,512.13
CWEA, San Diego Chapter	Training fair - M. Dietrich and M. Piper	\$50.00
Chea, Ravy	Expense report - wellness program	\$75.00
Coast Waste Management, Inc.	Roll-off rental, grit and screening storm drains	\$1,365.79
County Burner Machinery Corp.	Boiler maintenance - plant	\$275.50
EDCO Waste & Recycling	Trash service - August	\$187.77
Emedco Inc.	Safety supplies - plant	\$338.40
Fleet Services	Fuel - August	\$1,144.68
Grainger, Inc.	Field tools - plant	\$361.64
Grainger, Inc.	Replacement parts - plant	\$346.74
Hach Company	Sampler repair parts - lab	\$341.88
Home Depot Credit Service	Paint and plumbing supplies - plant, Moonlight P.S.	\$81.29
Horizon Health EAP	Employee assistance program	\$351.12
Idexx Distribution, Inc.	Enterolert - lab	\$198.27
Jani-King	Janitorial service - September	\$882.64
Jones Chemicals, Inc.	Hypochlorite	\$3,214.01
Konica	Monthly copier maintenance	\$104.94
Larsen, Casey	Expense report - parking, and communication supplies	\$96.03
Lewis, Greg	Expense report - software	\$395.00
Lewis, Greg	Expense report - battery back-up	\$117.63
Lewis, Greg	Expense report - staff meeting and 3 battery back-upS	\$385.22
Lewis, Greg	Expense report - sympathy flowers	\$80.79
McMaster-Carr Supply Co.	Stainless steel wire rope and sleeve - lab	\$29.86
McMaster-Carr Supply Co.	Corrosion-resistant pvc and safety supplies - plant	\$76.70
MegaPath Inc.	T-1 service - May	\$278.13
MegaPath Inc.	T-1 service - September	\$278.13
MetLifeSBC	Dental insurance - October	\$1,618.70
Mutal of Omaha	Life / disability - insurance - September	\$1,633.56
Mutal of Omaha	Life / disability - insurance - October	\$1,682.09
OMWD	Manchester - 07/12/11 - 08/08/11	\$55.80
OMWD	Payment due for the Furman Group	\$8,000.00
Palomar Backflow	Backflow certificate and repair - Seabright Ln	\$95.00
PERS - Health	Health - October	\$17,984.70
PERS - Retirement	Retirement premium - 09/09/11	\$16,046.96
PERS - Retirement	Retirement premium - 09/23/11	\$16,046.97
Polydyne Inc.	Clarifloc ® WE-007 - 4 totes - plant	\$10,408.65

PAYMENT OF WARRANTS
12-10
30-Sep-11

VENDOR	DESCRIPTION OF EXPENSE	AMOUNT
Preferred Benefits Insurance	Vision insurance - September	\$274.54
Probuild	Repairs, shop and field supplies - August	\$308.93
Process Pump Sale's Inc.	Freight charge for W.A.S. pump - plant	\$216.07
San Diego Gas and Electric	Gas and electric - 08/08 - 09/08	\$43,835.01
San Diego Gas and Electric	Gas and electric - 08/09 - 09/08 - Cardiff	\$1,499.64
San Dieguito Water District	Manchester RWM 1 - 07/27/11 - 08/30/11	\$153.33
San Dieguito Water District	Manchester RWM 3 - 07/27/11 - 08/30/11	\$1,527.92
San Dieguito Water District	Manchester RWM 4 - 07/27/11 - 08/30/11	\$158.71
San Dieguito Water District	Manchester RWM 5 - 07/27/11 - 08/30/11	\$798.93
San Dieguito Water District	Manchester RWM 6 - 07/27/11 - 08/30/11	\$3,951.61
San Elijo Payroll Account	Payroll - 09/09/2011	\$72,574.99
San Elijo Payroll Account	Payroll - 09/23/2011	\$79,285.99
Santa Fe Irrigation District	Valley - 07/29/11 - 08/31/11	\$92.87
Santa Fe Irrigation District	Highland Dr. - 06/16/11 - 08/16/11	\$162.70
Santa Fe Irrigation District	Seabright Ln - 07/05/11 - 09/06/11	\$63.28
Smart & Final	Office and kitchen supplies	\$111.14
Southern Contracting Company	Electrical improvement	\$9,325.80
Sprint	Cellular phone service - July and August	\$563.31
Terra Renewal, LLC	Biosolids hauling - August	\$4,140.57
Test America	Lab testing	\$197.50
Underground Service Alert	Dig alert - August	\$60.00
Unifirst Corporation	Uniform service - August	\$174.18
Unifirst Corporation	Uniform service - September	\$87.09
UPS	Mailing parts - water reclamation	\$12.33
U.S. Postal Service	Post office box 1077 annual fee	\$96.00
VWR International, Inc.	Wide mouth bottle, tape, and tube - lab and outfall	\$335.28
VWR International, Inc.	Bottle L square - lab	\$151.94
VWR International, Inc.	Hydrogen sulfide, conductivity, tubes - lab, plant, outfall	\$432.04
VWR International, Inc.	Hydrogen sulfide bottles - plant	\$166.78
VWR International, Inc.	Bdh icp-ms boron standard - lab	\$88.12
Valencia's Auto Upholstery	Repair work truck seats - #3 and #7	\$350.00
Water Environment Federation	Membership - M. Thornton	\$220.00
Total 12-10 Warrants		\$320,281.01

SAN ELIJO JOINT POWERS AUTHORITY
PAYMENT OF WARRANTS SUMMARY

30-Sep-11

PAYMENT OF WARRANTS		\$320,281.01
Reference Number	12-10	

I hereby certify that the demands listed and covered by warrants are correct and just to the best of my knowledge, and that the money is available in the proper funds to pay these demands. The cash flows of the SEJPA, including the Member Agency commitment in their operating budgets to support the operations of the SEJPA, are expected to be adequate to meet the SEJPA's obligations over the next six months. I also certify that the SEJPA's investment portfolio complies with the SEJPA's investment policy.



Gregory Lewis
Director of Finance/Administration
Treasurer

STATEMENT OF FUNDS AVAILABLE FOR PAYMENT OF WARRANTS
AND INVESTMENT INFORMATION
AS OF

30-Sep-11

FUNDS ON DEPOSIT WITH	AMOUNT
LOCAL AGENCY INVESTMENT FUND <i>(AUGUST 2011 YIELD 0.41%)</i>	
SELF INSURANCE RESERVE	\$ 300,000.00
RESTRICTED SRF RESERVE	\$ 630,000.00
UNRESTRICTED DEPOSITS	\$ 6,022,983.79
 CALIFORNIA BANK AND TRUST <i>(AUGUST 2011 YIELD 0.10%)</i>	
REGULAR CHECKING	\$ 5,318.89
PAYROLL CHECKING	\$ 5,000.00
 TOTAL RESOURCES	 \$ 6,963,302.68

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SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 10, 2011

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION FACILITY TREATED EFFLUENT FLOWS –
MONTHLY REPORT

RECOMMENDATION

No action required. This memorandum is submitted for information only.

DISCUSSION

Monthly Treatment Plant Performance and Evaluation

Wastewater treatment for the San Elijo Joint Powers Authority (SEJPA) met all NPDES ocean effluent limitation requirements for the month of August 2011. The primary indicators of treatment performance include the removal of Carbonaceous Biochemical Oxygen Demand (CBOD) and Total Suspended Solids (TSS). The SEJPA is required to remove a minimum of 85 percent of the CBOD and TSS from the wastewater. Treatment levels for CBOD and TSS were 98.0 percent and 96.5 percent, respectively, for August (as shown in Figure 1 and Figure 2).

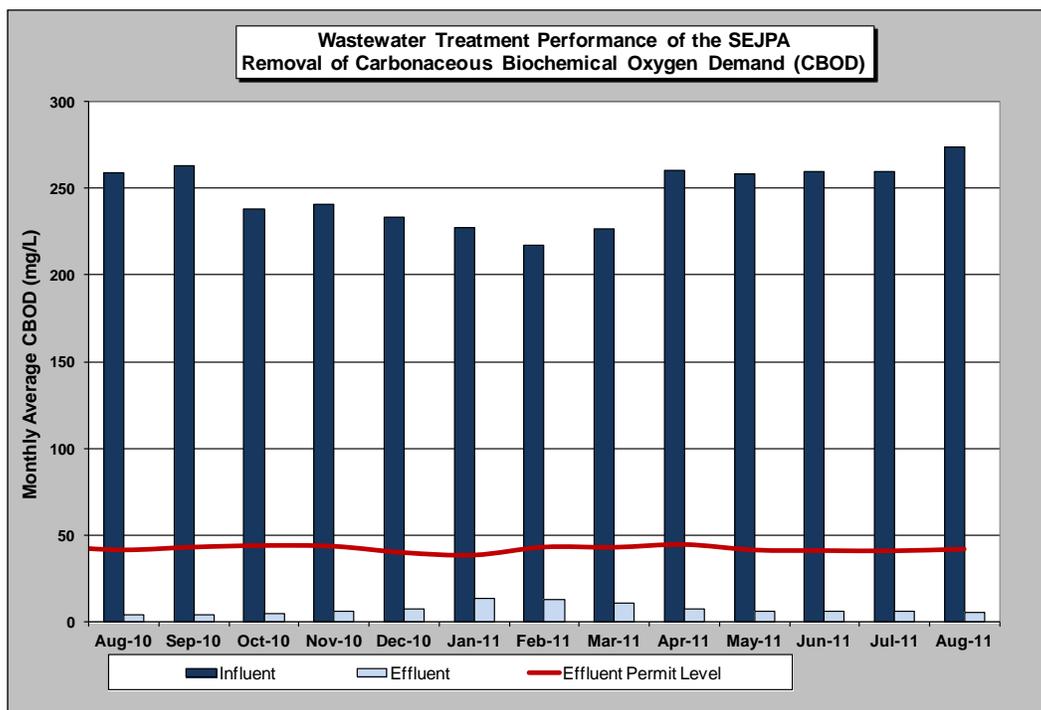


FIGURE 1

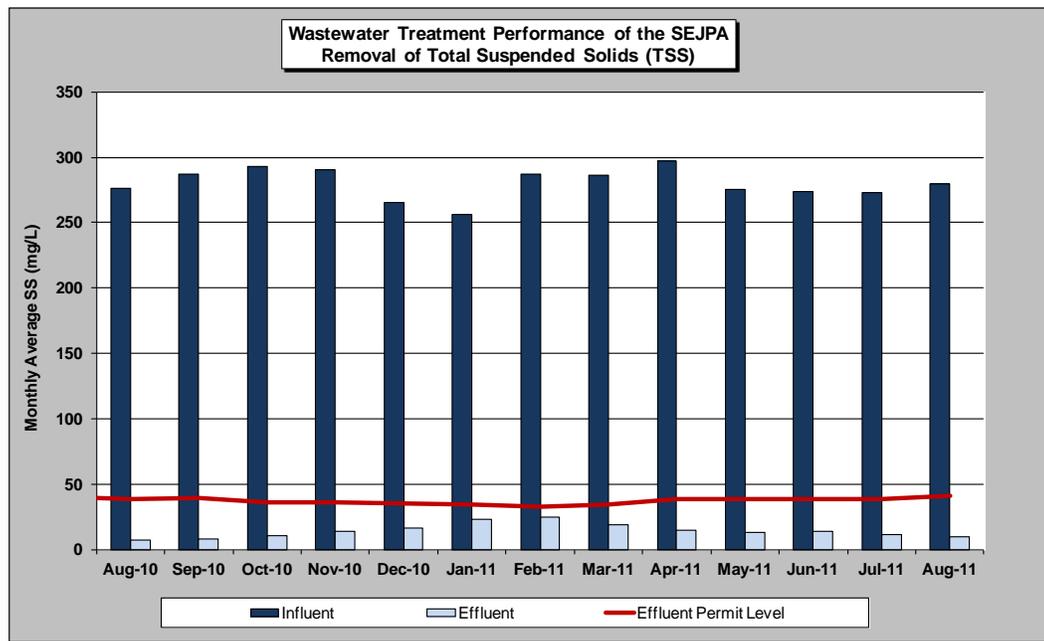


FIGURE 2

Member Agency Flows

Presented below are the influent and effluent flows for the month of August. Average daily influent flows were recorded for each Member Agency. Total effluent flow was recorded for the San Elijo Water Reclamation Facility.

	August	
	Influent (mgd)	Effluent (mgd)*
Cardiff Sanitary Division	1.292	0.479
City of Solana Beach	1.405	0.521
Rancho Santa Fe SID	0.150	0.056
Total San Elijo WRF Flow	2.847	1.056

Notes: As of July 1995, Rancho Santa Fe Community Services District (CSD) combined SID #2 and SID #3 into one Sewer Improvement District (SID).

* Effluent is calculated by subtracting the recycled water production from the influent wastewater.

Table 1 (below) presents the historical average, maximum, and unit influent and effluent flow rates per month for each of the Member Agencies. It also presents the number of connected Equivalent Dwelling Units (EDUs) for each of the Member Agencies during this same time period.

Figure 3 (below) presents the historical average daily flows per month for each Member Agency. This is to provide a historical overview of the average treated flow by each agency. As shown in the figure, the average treated flow typically ranges between 2.9 and 3.1 million gallons per day (mgd). Also shown in Figure 3 is the total wastewater treatment capacity of the plant, 5.25 mgd, of which each Member Agency has the right to 2.5 mgd, and Rancho Santa Fe Community Service District has the right to 0.25 mgd.

SAN ELIJO WATER RECLAMATION FACILITY MONTHLY REPORT - FLOWS AND EDUS

MONTH	AVERAGE DAILY INFLUENT FLOW RATE (MGD)				AVERAGE DAILY EFFLUENT FLOW RATE (MGD)				CONNECTED EDUs				AVERAGE UNIT INFLUENT FLOW RATE (GAL/EDU/DAY)				
	CSD	RSF	CSD	SB	TOTAL PLANT	CSD	RSF	CSD	SB	TOTAL PLANT	CSD EDUS	RSF CSD EDUS	SB EDUS	TOTAL EDUS	CSD	RSF	SB
Jul-08	1.713	0.131	1.324	3.168	0.722	0.055	0.558	1.335	8,163	456	7,728	16,347	210	288	171	194	
Aug-08	1.562	0.125	1.483	3.170	0.608	0.048	0.577	1.233	8,165	457	7,728	16,350	191	274	192	194	
Sep-08	1.547	0.121	1.378	3.046	0.813	0.064	0.724	1.601	8,167	459	7,728	16,354	189	264	178	186	
Oct-08	1.478	0.111	1.319	2.908	0.671	0.051	0.599	1.321	8,170	460	7,728	16,358	181	242	171	178	
Nov-08	1.511	0.118	1.329	2.958	1.080	0.084	0.950	2.114	8,171	462	7,728	16,361	185	256	172	181	
Dec-08	1.580	0.156	1.362	3.098	1.446	0.143	1.246	2.835	8,172	462	7,728	16,362	193	338	176	189	
Jan-09	1.522	0.141	1.354	3.017	1.256	0.116	1.117	2.489	8,177	462	7,728	16,367	186	306	175	184	
Feb-09	1.599	0.145	1.330	3.074	1.408	0.128	1.171	2.707	8,179	462	7,728	16,369	196	314	172	188	
Mar-09	1.510	0.124	1.307	2.941	1.030	0.085	0.892	2.007	8,180	463	7,728	16,371	185	268	169	180	
Apr-09	1.463	0.116	1.262	2.841	0.731	0.058	0.630	1.419	8,183	463	7,728	16,374	179	251	163	174	
May-09	1.465	0.117	1.247	2.829	0.712	0.057	0.606	1.375	8,185	464	7,728	16,377	179	252	161	173	
Jun-09	1.479	0.115	1.319	2.913	0.712	0.056	0.635	1.403	8,185	465	7,728	16,378	181	248	171	178	
Jul-09	1.437	0.109	1.376	2.922	0.599	0.045	0.573	1.217	8,186	467	7,728	16,381	176	234	178	178	
Aug-09	1.431	0.113	1.419	2.963	0.603	0.047	0.598	1.248	8,186	467	7,728	16,381	175	242	184	181	
Sep-09	1.404	0.108	1.346	2.858	0.690	0.053	0.661	1.404	8,187	468	7,728	16,383	171	231	174	174	
Oct-09	1.375	0.108	1.332	2.815	0.744	0.058	0.721	1.523	8,187	468	7,728	16,383	168	231	172	172	
Nov-09	1.366	0.111	1.323	2.800	0.843	0.069	0.816	1.728	8,189	469	7,728	16,386	167	237	171	171	
Dec-09	1.401	0.127	1.322	2.850	1.149	0.104	1.084	2.337	8,193	469	7,728	16,390	171	271	171	174	
Jan-10	1.532	0.155	1.372	3.059	1.271	0.128	1.138	2.537	8,196	472	7,728	16,396	187	329	178	187	
Feb-10	1.487	0.148	1.382	3.017	1.371	0.136	1.274	2.781	8,197	474	7,728	16,399	181	313	179	184	
Mar-10	1.455	0.145	1.398	2.998	1.108	0.110	1.064	2.282	8,198	474	7,728	16,400	177	306	181	183	
Apr-10	1.451	0.137	1.391	2.979	1.058	0.100	1.014	2.172	8,198	474	7,728	16,400	177	289	180	182	
May-10	1.379	0.128	1.385	2.892	0.672	0.063	0.675	1.410	8,201	474	7,728	16,403	168	270	179	176	
Jun-10	1.437	0.122	1.453	3.012	0.650	0.055	0.657	1.362	8,202	474	7,728	16,404	175	258	188	184	
Jul-10	1.375	0.119	1.466	2.960	0.694	0.061	0.740	1.495	8,204	475	7,728	16,407	168	251	190	180	
Aug-10	1.366	0.125	1.451	2.942	0.585	0.053	0.621	1.259	8,205	475	7,728	16,408	166	263	188	179	
Sep-10	1.346	0.114	1.342	2.802	0.627	0.053	0.626	1.306	8,207	475	7,728	16,410	164	240	174	171	
Oct-10	1.413	0.123	1.311	2.847	1.177	0.102	1.092	2.371	8,207	477	7,728	16,412	172	258	170	173	
Nov-10	1.399	0.117	1.297	2.813	1.090	0.091	1.011	2.192	8,209	478	7,728	16,415	170	245	168	171	
Dec-10	1.605	0.215	1.375	3.195	1.417	0.189	1.214	2.820	8,212	478	7,728	16,418	195	450	178	195	
Jan-11	1.452	0.158	1.338	2.948	1.272	0.139	1.172	2.583	8,227	478	7,728	16,433	176	331	173	179	
Feb-11	1.413	0.156	1.339	2.908	1.176	0.130	1.114	2.420	8,228	480	7,728	16,436	172	325	173	177	
Mar-11	1.387	0.208	1.343	2.938	1.186	0.178	1.148	2.512	8,229	480	7,728	16,437	169	434	174	179	
Apr-11	1.320	0.181	1.323	2.824	0.867	0.118	0.869	1.854	8,248	482	7,728	16,458	160	376	171	172	
May-11	1.327	0.162	1.320	2.809	0.564	0.069	0.561	1.194	8,248	483	7,728	16,459	161	336	171	171	
Jun-11	1.343	0.156	1.390	2.889	0.545	0.063	0.564	1.172	8,249	483	7,728	16,460	163	323	180	176	
Jul-11	1.293	0.151	1.430	2.874	0.425	0.050	0.470	0.945	8,250	484	7,728	16,462	157	312	185	175	
Aug-11	1.292	0.150	1.405	2.847	0.479	0.056	0.521	1.056	8,252	485	7,728	16,465	157	310	182	173	

TABLE 1

CSD: Cardiff Sanitary Division

RSF CSD: Ranch Santa Fe Community Service District

SB: Solana Beach

EDU: Equivalent Dwelling Unit

ASSUMPTIONS: SB average flow includes San Elijo Hills flow of 0.131 mgd

SB Connected EDUs includes 300 EDUs for the City of San Diego

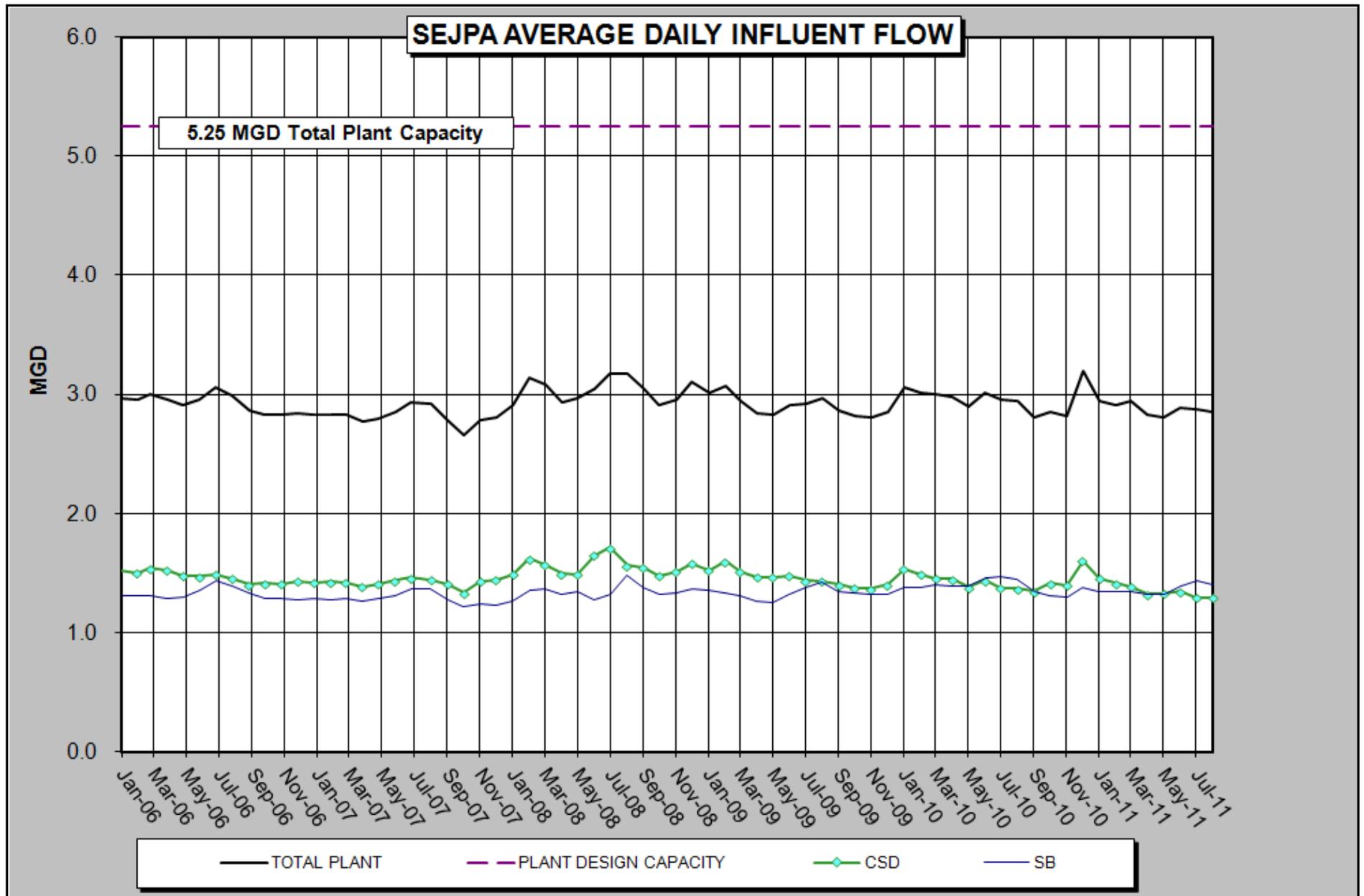


Figure 3

City of Escondido Flows

The average and peak flow rate from the City of Escondido's Hale Avenue Resource Recovery Facility, which discharges through the San Elijo Ocean Outfall, is reported below. The following average flow rate and peak flow rate is reported by the City of Escondido for the month of August.

	August (mgd)
Escondido (Average flow rate)	9.2
Escondido (Peak flow rate)	18.5

Connected Equivalent Dwelling Units

The number of EDUs connected for each of the Member Agencies for the month of August is as follows:

	August (EDU)
Cardiff Sanitary Division	8,252
Rancho Santa Fe SID	485
City of Solana Beach	7,428
San Diego (to Solana Beach)	300
Total EDUs to System	16,465

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

*

AGENDA ITEM NO. 10

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 10, 2011

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: SAN ELIJO WATER RECLAMATION PROGRAM – MONTHLY REPORT

RECOMMENDATION

No action required. This memorandum is submitted for information only.

DISCUSSION

Recycled Water Production

For the month of August 2011, recycled water demand was 163.31 acre-feet (AF), which was met using 163.14 AF of recycled water and 0.17 AF of supplementation with potable water. This equates to a blend mix for August of 99.9 percent recycled water and 0.1 percent potable water supplementation.

Figure 1 (attached) provides monthly supply demands for recycled water over the last five years. Figure 2 (attached) provides a graphical view of annual recycled water demand spanning the last eleven fiscal years. Recycled water demand can fluctuate from year to year, which is typically a function of weather. For example, Fiscal Year 2003-04, an unusually dry year, resulted in increased recycled water demand; and Fiscal Year 2004-05, an unusually wet year, resulted in lower recycled water demand.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

MONTHLY RECYCLED WATER DEMAND

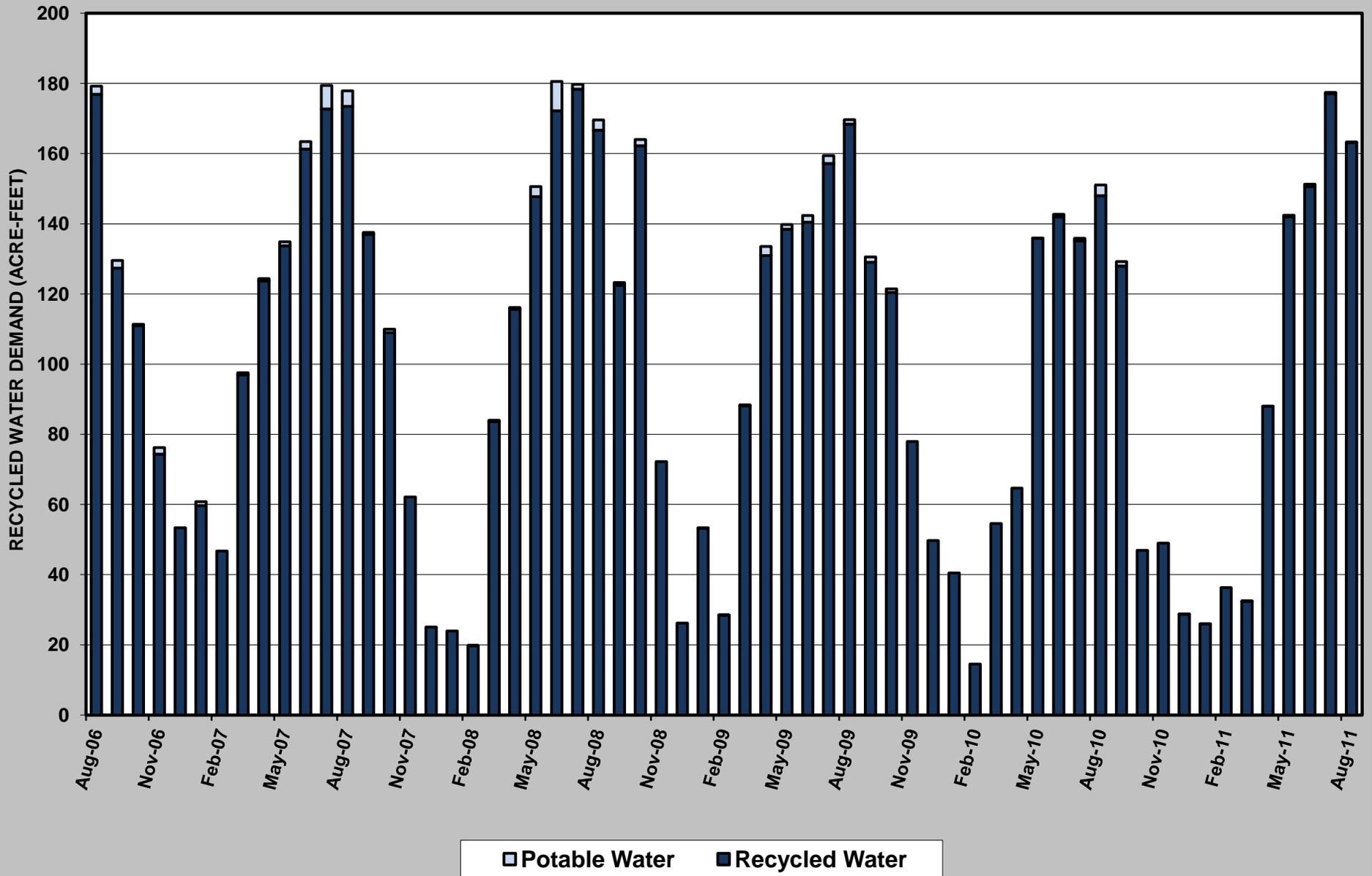


Figure 1

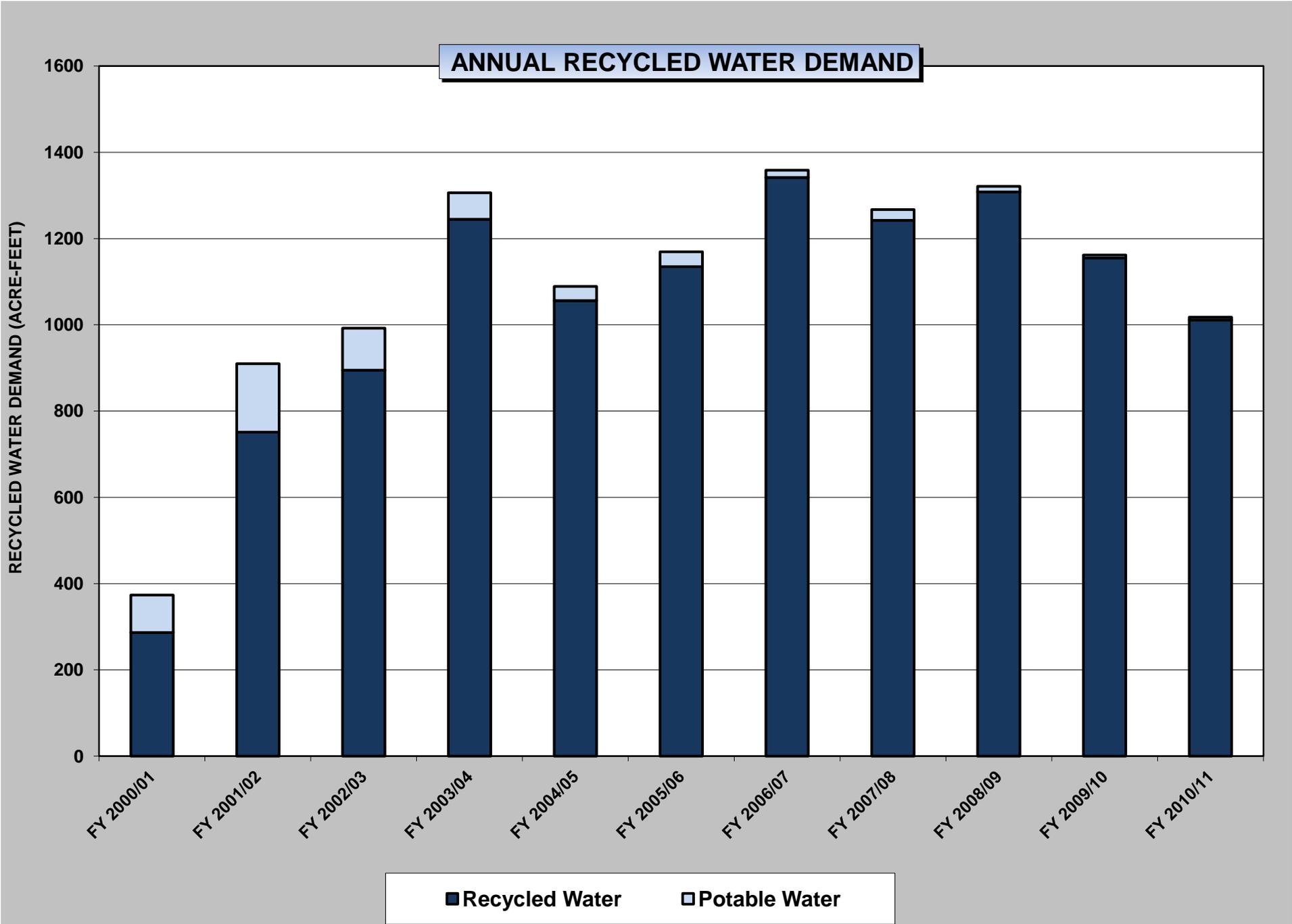


Figure 2

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 10, 2011

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: OCEAN OUTFALL PILE SUPPORT REPAIR AUTHORIZATION

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to issue a change order to the Ocean Outfall Inspection Contract for repairs to the pile support system; and
2. Discuss and take action as appropriate.

BACKGROUND

The San Elijo Ocean Outfall was commissioned in 1965 to discharge treated effluent from the San Elijo Water Pollution Control Facility (now named the San Elijo Water Reclamation Facility). The outfall was upgraded and expanded in 1974 to include discharge capacity for the City of Escondido's Hale Avenue Resource Recovery Facility. The length of the outfall is 8,000 feet with an end depth of approximately 150 feet below mean sea level. The diffuser section of pipe is composed of 1,176 feet of 48-inch pipe with 200 individual 2-inch diameter diffuser ports. The discharge of treated wastewater to the ocean is subject to strict environmental regulations that stipulate dilution requirements, distance from shore, and depth of water for which the effluent is discharged. To ensure that the ocean outfall is in sound operating condition and that environmental regulations are being met, the San Elijo Joint Powers Authority (SEJPA) inspects the outfall annually.

DISCUSSION

The original inspection and video work was awarded after a public bidding process in June 2011 in the amount of \$21,500 for inspection of the entire length of the outfall and exposure of manhole #4. During the annual inspection field work in July 2011, the contractor noted that the pile support system has been exposed this year. Most of the cathodic protection anodes have become loose and need to be replaced and the contractor had issued a change order request to complete the required work. In July, a total of 16 pile supports were exposed and the cost to repair the anodes was estimated at \$12,965. An amendment to the contract was issued and

the new contract amount became \$34,465. On October 3, 2011 the repair work began and the contractor found that an additional eight pile supports had recently been exposed. A second change order request was received by staff for installation of anodes on the newly exposed pile supports in the amount of \$8,305. Since this change increases the contract value above the General Manager signing authority it is requested that the Board authorize the additional change order request. It should be noted that shifting sands on the ocean floor have kept these pile supports buried for approximately 10 years.

It is hereby recommended that the Board of Directors authorize the General Manager to approve amendment #2 to the Ocean Outfall Inspection Contract in the amount of \$8,305, for a not-to-exceed value \$42,770.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to issue a change order to the Ocean Outfall Inspection Contract for repairs to the pile support system; and
2. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment: Amendment 2 To Agreement with Marine Taxonomic Services, Ltd.

AMENDMENT 2 TO AGREEMENT

This **AMENDMENT 2** is made and entered into on this 10th day of October 2011 by and between the San Elijo Joint Powers Authority, hereinafter referred to as "AUTHORITY", and Marine Taxonomic Services, Ltd., hereinafter referred to as "CONTRACTOR".

WITNESSETH:

WHEREAS, AUTHORITY on April 20, 2011, AUTHORITY invited bids for the provision of Ocean Outfall Inspection and Maintenance per Specifications No. SE 2012-OO;

WHEREAS, the AUTHORITY entered into the Agreement with CONTRACTOR for such services in the amount of \$21,500 on June 6, 2011;

WHEREAS, the AUTHORITY amended the Agreement with CONTRACTOR for repair services in the amount of \$12,965 on September 7, 2011;

WHEREAS, the AUTHORITY desires and the CONTRACTOR is willing to amend the AGREEMENT to provide installation of anodes on exposed pipe supports as outlined in the cost proposal dated October 4, 2011; and

WHEREAS, the AUTHORITY and CONTRACTOR agree that the fee for the additional services related to this AMENDMENT 2 shall not exceed \$8,305 unless otherwise agreed to by both parties in writing.

NOW THEREFORE, the AUTHORITY and CONTRACTOR agree to amend the AGREEMENT as follows:

AUTHORITY'S OBLIGATIONS. For furnishing services or supplies as specified in the Agreement, AUTHORITY will pay and CONTRACTOR shall receive compensation for ocean outfall inspection and maintenance per the attached bid submission dated April 30, 2011. The total amount shall not exceed \$21,500. For furnishing services and supplies as specified in the Cost Proposal for Installation of Anodes on the Exposed Pile Support Section of the San Elijo Ocean Outfall, AUTHORITY will pay and CONTRACTOR shall receive compensation per the attached proposals dated August 29, 2011 and October 4, 2011. The total amount shall not exceed \$21,270. The new total value of this Contract is \$42,770.

All other provisions of the AGREEMENT shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

SAN ELIJO JOINT POWERS AUTHORITY

Marine Taxonomic Services, Ltd.

By:

Michael T. Thornton
General Manager

By:

Seth Jones
Project Manager



October 4, 2011
MTS # SEJ-2011-C

Chris Trees
San Elijo Joints Powers Authority
2695 Manchester Ave.
Cardiff by the Sea, CA 92007

Re: Cost Proposal for the Additional Installation of Anodes on the Exposed Pile Support Section of the San Elijo Ocean Outfall.

Dear Mr. Trees:

Thank you for contacting Marine Taxonomic Services, Ltd. (MTS) regarding the need for replacement of the pile support anodes on your ocean outfall. In response to an email request from Chris Trees of San Elijo Joint Powers Authority (SEJPA) to Seth Jones for costs on October 4, 2011, we have prepared the following costs for the work.

Costs

Task 1- Mobilization and Demobilization: This task includes project preparation and fabrication. MTS will prepare all anodes and attaching parts prior to mobilization to ensure rapid installation in the field.

Task 2- Anodes, Clamps, Cables and Misc Supplies: This is the cost for ALL of the equipment, tools, hardware, and other supplies needed to complete this task. This includes 14 large zinc anodes that should last 10⁺ years (12 for the as built clamps over the pipe and 2 for the chain sections). All supplies used for this task will be the highest quality available so you will not need to complete this again in the near future.

Task 3- Installation of Anodes on Exposed Pile Supports: Three (3) MTS Divers will install the 14 anodes on the two types of pile supports and the pipeline shield in two field days. This includes divers, the vessel, and everything else needed in the field for installation.

The following table outlines the costs for the scope of work described. Any additional surveys, permitting, and/or required meetings could be addressed through a subsequent scope of work and costs.

Tasks	Costs
Task 1: <i>Mobilization and Demobilization</i>	\$625.00
Task 2: <i>Anodes, Clamps, Cables and Misc Supplies</i>	\$1,880.00
Task 3: <i>Installation of Anodes on Exposed Pile Supports</i>	\$5,800.00
TOTAL	\$ 8,305.00

If you have any questions regarding this proposal or you need additional information, please do not hesitate to contact MTS, Seth Jones, Project Manager at sjonesmts@gmail.com, (858) 232-1958.

We look forward to the opportunity to work with you on this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Seth Jones', with a stylized flourish extending to the right.

Seth Jones
Project Manager

AMENDMENT 1 TO AGREEMENT

This **AMENDMENT 1** is made and entered into on this 7th day of September 2011 by and between the San Elijo Joint Powers Authority, hereinafter referred to as "AUTHORITY", and Marine Taxonomic Services, Ltd., hereinafter referred to as "CONTRACTOR".

WITNESSETH:

WHEREAS, AUTHORITY on April 20, 2011, AUTHORITY invited bids for the provision of Ocean Outfall Inspection and Maintenance per Specifications No. SE 2012-00;

WHEREAS, the AUTHORITY entered into the Agreement with CONTRACTOR for such services in the amount of \$21,500 on June 6, 2011;

WHEREAS, the AUTHORITY desires and the CONTRACTOR is willing to amend the AGREEMENT to provide installation of anodes on exposed pipe supports as outlined in the cost proposal dated August 29, 2011; and

WHEREAS, the AUTHORITY and CONTRACTOR agree that the fee for the additional services related to this AMENDMENT 1 shall not exceed \$12,965 unless otherwise agreed to by both parties in writing.

NOW THEREFORE, the AUTHORITY and CONTRACTOR agree to amend the AGREEMENT as follows:

AUTHORITY'S OBLIGATIONS. For furnishing services or supplies as specified in the Agreement, AUTHORITY will pay and CONTRACTOR shall receive compensation for ocean outfall inspection and maintenance per the attached bid submission dated April 30, 2011. The total amount shall not exceed \$21,500. For furnishing services and supplies as specified in the Cost Proposal for Installation of Anodes on the Exposed Pile Support Section of the San Elijo Ocean Outfall, AUTHORITY will pay and CONTRACTOR shall receive compensation per the attached proposal dated August 29, 2011. The total amount shall not exceed \$12,965. The new total value of this Contract is \$34,465.

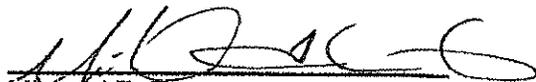
All other provisions of the AGREEMENT shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

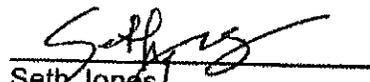
SAN ELIJO JOINT POWERS AUTHORITY

Marine Taxonomic Services, Ltd.

By:


Michael T. Thornton
General Manager

By:


Seth Jones
Project Manager



August 29, 2011
MTS # SEJ-2011-B

Chris Trees
San Elijo Joints Powers Authority
2695 Manchester Ave.
Cardiff by the Sea, CA 92007

Re: Cost Proposal for the Installation of Anodes on the Exposed Pile Support Section of the San Elijo Ocean Outfall.

Dear Mr. Trees:

Thank you for contacting Marine Taxonomic Services, Ltd. (MTS) regarding the need for replacement of the pile support anodes on your ocean outfall. In response to a verbal request from Chris Trees of San Elijo Joint Powers Authority (SEJPA) to Seth Jones for costs in August, 2011, we have prepared the following costs for the work.

Costs

Task 1- Mobilization and Demobilization: This task includes project preparation and fabrication. MTS will prepare all anodes and attaching parts prior to mobilization to ensure rapid installation in the field.

Task 2- Anodes, Clamps, Cables and Misc Supplies: This is the cost for ALL of the equipment, tools, hardware, and other supplies needed to complete this task. This includes 25 zinc anodes that should last 10⁺ years (16 for the as built clamps over the pipe, 8 for the chain sections, and one for the pipe shield. All supplies used for this task will be the highest quality available so you will not need to complete this again in the near future.

Task 3- Installation of Anodes on Exposed Pile Supports: Three (3) MTS Divers will install the 25 anodes on the two types of pile supports and the pipeline shield in three field days. This includes divers, the vessel, and everything else needed in the field for installation.

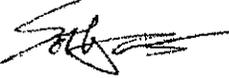
The following table outlines the costs for the scope of work described. Any additional surveys, permitting, and/or required meetings could be addressed through a subsequent scope of work and costs.

Tasks	Costs
Task 1: <i>Mobilization and Demobilization</i>	\$1,095.00
Task 2: <i>Anodes, Clamps, Cables and Misc Supplies</i>	\$3,170.00
Task 3: <i>Installation of Anodes on Exposed Pile Supports</i>	\$8,700.00
TOTAL	\$ 12,965.00

If you have any questions regarding this proposal or you need additional information, please do not hesitate to contact MTS, Seth Jones, Project Manager at sjonesmts@gmail.com, (858) 232-1958.

We look forward to the opportunity to work with you on this project.

Sincerely,



Seth Jones
Project Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 10, 2011

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: QUARTERLY RECYCLED WATER UPDATE – PRESENTATION ON THE
NORTH SAN DIEGO COUNTY REGIONAL RECYCLED WATER PROJECT

RECOMMENDATION

No action required. This memorandum is submitted for information only.

BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) operates a recycled water utility that sells recycled water to three water purveyors; Santa Fe Irrigation District (SFID), San Dieguito Water District (SDWD), and the City of Del Mar. Each year, this program produces between 350 to 450 million gallons of recycled water for landscape irrigation in the cities of Encinitas, Solana Beach and Del Mar. As part of the SEJPA's efforts to continue developing, improving, and expanding its recycled water program, the SEJPA has partnered with eleven other agencies to form the North San Diego County Regional Recycled Water Project. The goal of this multi-jurisdictional group is to develop cost-effective solutions for meeting the region's water supply needs through recycled water projects.

DISCUSSION

Currently, over 90 percent of the San Diego region's water is imported and subject to drought and other water supply shortages. As a result, the San Diego County Water Authority and local water districts are actively pursuing supply alternatives to lessen the dependency on imported water. Recycled water is one such alternative that is locally produced and drought resistant. The North San Diego County Regional Recycled Water Project is currently evaluating opportunities to connect recycled water supply with demand in north San Diego County. The consultant for this project, RMC Water and Environment, will provide a PowerPoint presentation on the project and current findings.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 10, 2011

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: General Manager

SUBJECT: APPROVE CONSTRUCTION LOAN FOR THE ADVANCED WATER
TREATMENT SYSTEM AT THE SAN ELIJO WATER RECLAMATION
FACILITY

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize General Manager to execute the Advanced Water Treatment Construction Loan with Municipal Finance Corporation for an amount not-to-exceed \$2,000,000;
2. Adopt Resolution 2012-01 Authorizing the Execution and Delivery of the Loan Agreement; and
3. Discuss and take action as appropriate.

PROJECT BACKGROUND

The San Elijo Joint Powers Authority (SEJPA) is pursuing advanced water treatment improvements (Demineralization Project) at the San Elijo Water Reclamation Facility. This project will allow the agency to maximize its recycling efforts and to improve water quality. The treatment process includes 1.0 Million Gallons per Day (MGD) of microfiltration treatment capacity, followed by 0.5 MGD of reverse osmosis treatment capacity. The treatment process will remove Total Dissolved Solids (TDS), bacteria, viruses, and other impurities, making the recycled water safer and more reliable.

The proposed Demineralization Project will improve recycled water quality, maintain permit compliance, adhere to wholesale contractual obligations and increase the overall capacity to reach out to additional customers. The project has the support from both Member Agencies and SEJPA staff.

The construction of the proposed Demineralization Project is currently estimated to cost \$4.7 Million. Under the proposed financing plan, \$2.0 Million will be funded by the reserve funds within the recycled water program budget. The remaining \$2.7 Million is planned to be funded

by grant funds (approximately \$700,000) and a construction loan (approximately \$2.0 Million).

This financing plan was presented to the Solana Beach City Council in August and to the Encinitas City Council in September, and the plan received unanimous support by both councils.

PROPOSED PROJECT FINANCING PLAN

Over the last two years, the SEJPA has been exploring financing options to construct the Demineralization Project. From these efforts, a finance plan has been developed that includes grant funding, a low-interest loan, and funds provided by the Recycled Water Program. The SEJPA has conducted a comprehensive financial analysis including various assumptions on the program's future expenditures, capital costs, and recycled water sales. The conclusion of the financial analysis was that the financial strength of the program could sustain new capital debt of the proposed magnitude for the Demineralization Project.

Under the proposed financing plan, the estimated \$4.7 million construction cost is to be funded as follows:

- \$2.0 million from the Recycled Water Program reserves
- \$0.7 million from Proposition 84 grant
- \$2.0 million from a private placement loan

The use of \$2.0 million from the Recycled Water reserves will draw the reserve down to approximately \$1.2 million. The reserve has two components, restricted and unrestricted funds. Of the \$1.2 million, \$630,000 will be restricted for repairs and replacement needs and \$650,000 will be non-restricted funds, providing the SEJPA with funds for unforeseen events. If revenues for the program drop below expenditures, the unrestricted funds would be utilized to cover revenue shortfalls.

The SEJPA has been awarded approximately \$700,000 from the San Diego Integrated Regional Water Management (IRWM), Proposition 84, grant funding. This award is part of a larger regional grant proposal through a partnership of the SEJPA, Olivenhain Municipal Water District, and the San Elijo Lagoon Conservancy.

The final element of the project financing plan is a third-party construction loan placed by Brandis Tallman, LLC. The SEJPA has qualified for a private placement loan of up to \$2.5 million. It is expected that the project will only require a loan of \$2.0 million for the completion of the project. The loan terms includes an annually payment of approximately \$150,000 for 20 years at a fixed interest rate of 4.15%.

LOAN APPROVAL

At this time, staff requests the Board consider the loan presented, and, if appropriate, authorize the General Manager to execute the loan documents with Municipal Finance Corporation.

It is therefore recommended that the Board of Directors:

1. Authorize the General Manager to execute the Advanced Water Treatment Construction Loan with Municipal Finance Corporation for an amount not-to-exceed \$2,000,000;
2. Adopt Resolution 2012-01 Authorizing the Execution and Delivery of the Loan Agreement; and
3. Discuss and take action as appropriate.

Respectfully submitted,



Michael T. Thornton, P.E.
General Manager

Attachment: Proposed Loan Agreement
Resolution 2012-01

LOAN AGREEMENT

THIS LOAN AGREEMENT, (this "Loan Agreement"), dated for convenience as of November 1, 2011, is by and between Municipal Finance Corporation, a corporation duly organized and existing under the laws of the State of California (the "Corporation"), and the San Elijo Joint Powers Authority, a joint powers authority duly organized and existing under the Constitution and laws of the State of California (the "Authority");

WITNESSETH:

WHEREAS, the Authority presently owns and operates certain facilities and property for the supply of reclaimed water to public agencies within the service area of the Authority (the "Enterprise"), and, the Authority wishes at this time to finance its share of the costs of constructing certain improvements to the water reclamation facilities of the Enterprise (the "Project"); and

WHEREAS, the Corporation has agreed to lend the Authority an amount which the Authority has determined will be sufficient to pay such costs of the Project, pursuant hereto;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

SECTION 1.1. Definitions. All capitalized terms used in this Section 1.1 shall for all purposes of this Loan Agreement have the meanings herein specified or as hereinafter defined.

"Assignee" means (a) initially, City National Bank, as assignee of certain rights of the Corporation hereunder, and (b) any other entity to whom the rights of the Corporation shall be assigned hereunder.

"Authority" means the San Elijo Joint Powers Authority, a joint powers authority duly organized and existing under the Constitution and laws of the State of California.

"Authority's 2003 Bonds" means the Authority's 2003 Refunding Revenue Bonds (San Elijo Water Pollution Control Facility) issued on April 29, 2003 in the principal amount of \$18,640,000.

"Available Wastewater System Revenues" means the Wastewater System Revenues available after payment of all obligations of the Authority secured by Wastewater System Revenues, including but not limited to (i) the Authority's 2003 Bonds, (ii) any obligations issued for the purpose of refunding the Authority's 2003 Bonds; and (iii) any obligations of the Authority issued from and after the date of this Agreement which are secured by a pledge of Wastewater System Revenues.

"Capital Program Account" means the fund established for the acquisition and construction of the Project, as such fund is described in Section 3.2.

"Corporation" means Municipal Finance Corporation, a corporation duly organized and existing under the laws of the State of California. Whenever in this Loan Agreement any reference is made to the Corporation and such reference concerns rights which the Corporation has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

"Enterprise" means the existing facilities and property owned by the Authority in connection with the reclaimed water supply services of the Authority, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the Authority; provided, that the term "Enterprise" shall not include any facilities of the Authority used for the treatment and disposal of wastewater, including any sewage treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, purification or disposal of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Event of Default" means any of the events of default as defined in Section 5.1.

"Federal Securities" means any direct general non-callable 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), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

"Fiscal Year" means each twelve-month period during the Term of this Loan Agreement commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the Authority as its fiscal year period.

"Gross Revenues" means all gross charges received for, and all other gross income and receipts derived by the Authority from, the ownership and operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to connection charges and earnings on the investment of any reclaimed water funds held by the Authority; but excluding (a) the proceeds of any ad valorem property taxes levied for the purpose of paying bonded indebtedness of the Authority and (b) the proceeds of any special assessments or special taxes levied upon real property within any improvement Authority served by the Authority for the purpose of paying special assessment bonds or special tax obligations of the Authority.

"Loan" means the loan made by the Corporation to the Authority pursuant to Section 3.1.

"Loan Agreement" means this Loan Agreement, dated as of November 1, 2011, between the Corporation and the Authority.

"Loan Repayment Date" means March 30 and September 30 in each year, commencing March 30, 2012 and continuing to and including the date on which the Loan Repayments have been paid in full.

"Loan Repayments" means all payments required to be paid by the Authority on any date pursuant to Section 3.4, including any prepayment thereof pursuant to Section 6.2 or 6.3.

"Maintenance and Operation Costs" means the reasonable and necessary costs and expenses paid by the Authority for maintaining and operating the Enterprise, including but not limited to the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order, and including but not limited to administrative costs of the Authority attributable to the Enterprise and the financing thereof, but in all cases excluding depreciation, replacement and obsolescence charges or reserves therefor and excluding amortization of intangibles or other bookkeeping entries of a similar nature.

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum sum obtained for the current or any future Fiscal Year during the Term of this Loan Agreement by totaling the aggregate amount of (i) the Loan Repayments coming due in such Fiscal Year, and (ii) the principal and interest coming due and payable in such Fiscal Year on any Parity Obligations, including the principal amount coming due and payable by operation of mandatory sinking fund redemption. There shall be excluded from such calculation any principal of and interest on the Loan Repayments and any Parity Obligations which have been defeased or discharged, or for the payment of which a security deposit has been posted. With respect to any

Parity Obligations which then bear interest at a variable rate, such interest shall be calculated at an assumed rate equal to the average rate of interest per annum for each of the 5 previous whole calendar years as shown by the J. J. Kenny Index (or at any time in the event and to the extent such index is not maintained for all or any portion of such period, any similar index of variable rate interest for tax-exempt obligations as may be selected by the Authority in its sole discretion).

"Members" means the mean the City of Encinitas, as successor in interest to the Cardiff Sanitation District, and the City of Solana Beach, as successor in interest to the Solana Beach Sanitation District.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period, minus the amount required to pay all Maintenance and Operation Costs of the Enterprise becoming payable during such period.

"Parity Obligations" means the State Revolving Fund Loan Program Contract between the State Water Resources Control Board and the Authority (Contract No. 7-815-550-0, Loan No. C-06-4155-110) dated as of March 6, 1998 ("SRF Loan") and any bonds, notes or other obligations of the Authority payable from and secured by a pledge of and lien upon any of the Net Revenues on a parity with the Loan Repayments.

"Project" means all of the facilities and improvements to be acquired, constructed and installed pursuant to a Site Lease between the Authority and Lyles Construction Group and paid from the proceeds of the Loan and constituting part of the Enterprise. Such facilities and improvements are originally described in Exhibit B attached hereto and by this reference incorporated herein, subject to the right of the Authority in its sole discretion to amend such description from time to time.

"Revenue Fund" means the fund heretofore established and held by the Authority for the receipt and deposit of Gross Revenues.

"Tax Code" means the Internal Revenue Code of 1986. Any reference herein to a provision of the Tax Code shall include all applicable temporary and permanent regulations promulgated under the Tax Code.

"Term of this Loan Agreement" or "Term" means the time during which this Loan Agreement is in effect, as provided in Section 3.3.

"Wastewater System" means any and all facilities of the Authority used for the treatment and disposal of wastewater, including sewage

treatment plants, intercepting and collecting sewers, outfall sewers, force mains, pumping stations, ejector stations, pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, treatment, purification or disposal of sewage, and any necessary lands, rights of way and other real or personal property useful in connection therewith.

"Wastewater System Revenues" means all revenues received by the Authority from the Wastewater System, including amounts payable to the Authority by the Members under loan agreements or other contracts in consideration of services provided by the Authority to the Members for wastewater treatment and disposal services.

SECTION 1.2. Exhibits. The following Exhibits are attached to, and by reference made a part of this Loan Agreement:

Exhibit A: The schedule of Loan Repayments to be paid by the Authority hereunder, showing the date and amount of each such Loan Repayment.

Exhibit B: The original description of the Project.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants to the Corporation as follows:

(a) Due Organization and Existence. The Authority is a joint powers authority duly organized and existing under the Constitution and laws of the State of California.

(b) Authorization. The laws of the State of California authorize the Authority to enter into this Loan Agreement and to enter into the transactions contemplated hereby and thereby, and to carry out its obligations under this Loan Agreement and the Board of Directors of the Authority has duly authorized the execution and delivery of this Loan Agreement.

(c) No Violations. Neither the execution and delivery of this Loan Agreement nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by

which the Authority is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the Authority, other than as set forth herein.

SECTION 2.2. Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The Corporation is a corporation duly organized and existing under the laws of the State of California.

(b) Authorization. The laws of the State of California authorize the Corporation to enter into this Loan Agreement and to enter into the transactions contemplated hereby and thereby, and to carry out its obligations under this Loan Agreement and the Board of Directors of the Corporation has duly authorized the execution and delivery of this Loan Agreement.

(c) No Violations. Neither the execution and delivery of this Loan Agreement nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation.

(d) No Assignments. Except as provided herein, the Corporation will not assign this Loan Agreement, its right to receive Loan Repayments from the Authority, or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

ARTICLE III

TERMS OF LOAN

SECTION 3.1. Obligation to Make Loan; Amount of Loan. The Corporation hereby agrees to lend to the Authority, and the Authority hereby agrees to borrow from the Corporation, the amount of \$2,000,000.00 under the terms and provisions set forth in this Loan Agreement. The Loan shall be to finance the acquisition, construction and installation of the Project.

SECTION 3.2. Acquisition and Construction of the Project; Deposit of Moneys. On the Closing Date the Corporation shall deposit the sum of \$2,000,000.00 to the Capital Program Account established by the Authority, which the Authority shall expend for the purpose of financing the acquisition, construction and installation of the Project including, without limitation, the payment of amounts owing pursuant to the Lease Purchase Agreements. The Authority shall invest proceeds in the Capital Program Account in investments authorized by California law and the Authority's investment policy. Any unexpended proceeds in the Capital Program Account upon the completion of the Project shall be applied by the Authority towards the payment of Installment Payments.

The Corporation hereby appoints the Authority as its agent to carry out all phases of the acquisition, construction and installation of the Project and the Authority hereby accepts such appointment. Authority shall enter into contracts and provide for, as agent for Corporation, the complete construction, acquisition and installation of the Project. Authority hereby agrees that it will cause the construction, acquisition and installation of the Project to be diligently performed. It is hereby expressly understood and agreed that Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the Project and that all such costs and expenses shall be paid by Authority, regardless of whether the funds deposited with Authority are sufficient to cover all such costs and expenses.

SECTION 3.3. Term. The Term of this Loan Agreement shall commence on the Closing Date, and shall end on the date on which the Loan shall be paid in full or provision for such payment shall be made as provided herein.

SECTION 3.4. Loan Repayments.

(a) Obligation to Pay. The Authority hereby agrees to repay the Loan in the aggregate principal amount of \$2,000,000.00 together with interest (calculated at the rate of 4.15% on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual Loan Repayments in the respective amounts and on the respective Loan Repayment Dates specified in Exhibit A.

As a result of the assignment by the Corporation to the Assignee of the right of the Corporation to receive the Loan Repayments, the Authority shall pay all Loan Repayments when due directly to the Assignee.

(b) Effect of Prepayment. In the event that the Authority prepays the Loan Repayments in full pursuant to Article VI, the

Authority's obligations under this Loan Agreement shall thereupon cease and terminate, including but not limited to the Authority's obligation to pay Loan Repayments under this Section 3.4; subject however, to the provisions of Section 6.1 in the case of prepayment by application of a security deposit. In the event that the Authority prepays the Loan in part but not in whole pursuant to Section 6.3, the principal components of the remaining Loan Repayments shall be reduced on a pro rata basis so as to produce equal Loan Repayments over the remaining Term of this Loan Agreement.

(c) Rate on Overdue Payments. In the event the Authority should fail to make any of the payments required in this Section 3.4, the payment in default shall continue as an obligation of the Authority until the amount in default shall have been fully paid, and the Authority agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of eight percent (8%) per annum.

SECTION 3.5. Nature of Authority's Obligations.

(a) Special Obligation. The Authority's obligation to pay the Loan Repayments is a special obligation of the Authority limited solely to the Net Revenues and all amounts on deposit in the Revenue Fund. Under no circumstances is the Authority required to advance moneys derived from any source of income other than the Net Revenues and Available Wastewater System Revenues for the payment of the Loan Repayments, and no other funds or property of the Authority are liable for the payment of the Loan Repayments. Notwithstanding the foregoing provisions of this Section, however, nothing herein prohibits the Authority voluntarily from making any payment hereunder from any source of available funds of the Authority. The general funds of the Members are not pledged towards the payment of the Loan Repayment.

(b) Obligations Absolute. Subject to the restrictions in Section 3.5(a), the obligations of the Authority to pay the Loan Repayments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the Authority or the Corporation of any obligation to the Authority or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the Authority by the Corporation. Until such time as all of the Loan Repayments have been fully paid or prepaid, the Authority:

(i) will not suspend or discontinue payment of any Loan Repayments,

(ii) will perform and observe all other agreements contained in this Loan Agreement, and

(iii) will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Corporation to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

(c) Protection of Rights. If the Corporation fails to perform any such agreements on its part, the Authority may institute such action against the Corporation as the Authority deems necessary to compel performance so long as such action does not abrogate the obligations of the Authority contained in the preceding subsection (b). The Authority may, however, at the Authority's own cost and expense and in the Authority's own name or in the name of the Corporation prosecute or defend any action or proceeding or take any other action involving third persons which the Authority deems reasonably necessary in order to secure or protect the Authority's rights hereunder, and in such event the Corporation will cooperate fully with the Authority and take such action necessary to effect the substitution of the Authority for the Corporation in such action or proceeding if the Authority shall so request.

SECTION 3.6. Pledge and Application of Net Revenues and Revenue Fund.

(a) Pledge. All of the Net Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the punctual payment of the Loan Repayments and any Parity Obligations. The Net Revenues and amounts on deposit in the Revenue Fund may not be used for any other purpose so long as any of the Loan Repayments and any Parity Obligations remain unpaid; except that out of the Net Revenues and such other amounts there may be apportioned such sums, for such purposes, as are expressly permitted by this Section 3.6. Such pledge constitutes a first and exclusive lien on the Net Revenues and such other moneys for the payment of the Loan Repayments and any Parity Obligations in accordance with the terms hereof and the terms of the instruments authorizing the issuance of any Parity Obligations.

(b) Deposit of Gross Revenues; Transfers to Make Loan Repayments. The Authority has heretofore established the Revenue Fund, which the Authority agrees to continue to hold and maintain for the purposes and uses set forth herein. The Authority shall deposit all Gross Revenues in the Revenue Fund promptly upon the receipt thereof.

All Net Revenues will be held by the Authority in the Revenue Fund in trust for the benefit of the Corporation and for the benefit of the owners of any Parity Obligations. The Authority shall withdraw from such fund or funds and transfer to the Corporation an amount of Net Revenues equal to the aggregate amount of the Loan Repayment when and as the same becomes due and payable. In addition, the Authority shall withdraw from such fund or funds such amounts of Net Revenues at such times as required to pay the principal of and interest on any Parity Obligations and otherwise comply with the provisions of the instruments authorizing the issuance of any Parity Obligations.

(c) Other Uses Permitted. The Authority shall manage, conserve and apply the Net Revenues in such a manner that all deposits required to be made under the preceding paragraph will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing hereunder, the Authority may at any time and from time to time use and apply Net Revenues for (i) the acquisition and construction of the Enterprise and improvements to the Enterprise; (ii) the prepayment of the Loan and any Parity Obligations, or (iii) any other lawful purpose of the Authority.

SECTION 3.7. Backup Pledge of Available Wastewater System Revenues. If the Authority is unable to make any Loan Repayment in full when due on any Loan Repayment Date due to insufficient Net Revenues to make said payment, the Authority shall apply Available Wastewater System Revenues to make up such insufficiency. The Authority hereby pledges Available Wastewater System Revenues to the payment of the Loan Repayments when due, to the extent the Net Revenues of the Enterprise are insufficient, subject to and subordinate to all outstanding bonds, notes and other obligations of the Authority which are secured by a pledge of and lien on the Wastewater System Revenues.

ARTICLE IV

COVENANTS OF THE AUTHORITY

SECTION 4.1. Release and Indemnification Covenants. The Authority shall indemnify the Corporation and its officers, agents, successors and assigns and hold them harmless from and against all

claims, losses and damages, including reasonable legal fees and expenses, arising out of the following:

(a) the use, maintenance, condition or management of, or from any work or thing done on or about the Enterprise by the Authority,

(b) any breach or default on the part of the Authority in the performance of any of its obligations under this Loan Agreement,

(c) any intentional misconduct or gross negligence of the Authority or of any of its agents, contractors, servants, employees or licensees with respect to the Enterprise, and

(d) any intentional misconduct or negligence of any lessee of the Authority with respect to the Enterprise.

No indemnification is made under this Section 4.1 or elsewhere in this Loan Agreement for willful misconduct, gross negligence, or breach of duty under this Loan Agreement by the Corporation, its officers, agents, employees, successors or assigns.

SECTION 4.2. Sale or Eminent Domain of Enterprise. Except as provided herein, the Authority covenants that the Enterprise will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the Authority to pay the Loan Repayments or the principal of or interest on any Parity Obligations, or would materially adversely affect its ability to comply with the terms of this Loan Agreement or the instruments authorizing the issuance of any Parity Obligations. The Authority has determined that the Lease Purchase Agreements shall not materially affect its ability to perform its obligations under this Loan Agreement. The Corporation acknowledges and consents to the Lease Purchase Agreements for the purpose of financing and acquiring the Project. The Authority shall not enter into any agreement which impairs the operation of the Enterprise or any part of it necessary to secure adequate Net Revenues to pay the Loan Repayments or any Parity Obligations, or which otherwise would impair the rights of the Corporation with respect to the Net Revenues. If any substantial part of the Enterprise is sold, the payment therefor must either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied to prepay or redeem the Loan and any Parity Obligations, on a pro rata basis, in the manner provided herein and in the instruments authorizing such Parity Obligations.

Any amounts received as awards as a result of the taking of all or any part of the Enterprise by the lawful exercise of eminent

domain, if and to the extent that such right can be exercised against such property of the Authority, shall either (a) be used for the acquisition or construction of improvements and extension or replacement facilities of the Enterprise, or (b) be applied to prepay or redeem the Loan and any Parity Obligations, on a pro rata basis, in the manner provided herein and in the instruments authorizing such Parity Obligations.

SECTION 4.3. Insurance. The Authority shall at all times maintain with responsible insurers all such insurance on the Enterprise as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Enterprise. If any useful part of the Enterprise is damaged or destroyed, such part shall be restored to usable condition. All amounts collected from insurance against accident to or destruction of any portion of the Enterprise shall be used to repair or rebuild such damaged or destroyed portion of the Enterprise or if determined not to repair or rebuild such portion and in any event to the extent not so applied, must either (a) be used for the acquisition or construction or improvements and extensions or replacement facilities or (b) be applied on a pro rata basis to prepay or redeem the Loan and the Prior Parity Obligations in the manner provided in this Loan Agreement and in the instruments authorizing such Parity Obligations. The Authority shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the Authority, the Corporation and the Assignee. Any insurance required to be maintained hereunder may be maintained under and in accordance with a joint exercise of powers agreement, or may be maintained by the Authority in the form of self-insurance or in the form of participation by the Authority in a program of pooled insurance.

SECTION 4.4. Records and Accounts. The Authority shall keep proper books of records and accounts of the Enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Enterprise. Said books shall, upon prior request, be subject to the reasonable inspection of the Corporation.

The Authority shall cause the books and accounts of the Enterprise to be audited annually by an independent certified public accountant or firm of certified public accountants, not more than two hundred seventy (270) days after the close of each Fiscal Year, and shall furnish a copy of such report to the Corporation or the Assignee. The audit of the accounts of the Enterprise may be included as part of a general Authority-wide audit.

The Authority shall cause to be published annually, not more than two hundred seventy (270) days after the close of each Fiscal Year, a summary statement showing the amount of Gross Revenues and the disbursements from Gross Revenues and from other funds of the Authority in reasonable detail. The Authority shall furnish a copy of the statement, upon reasonable written request, to the Corporation and the Assignee.

SECTION 4.5. Rates and Charges. The Authority shall use its best efforts to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which (together with existing unencumbered cash and cash-equivalent balances which are lawfully available to the Authority for payment of any of the following amounts during such Fiscal Year) are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(i) All Maintenance and Operation Costs estimated by the Authority to become due and payable with respect to such Fiscal Year;

(ii) The Loan Repayments and all principal of and interest and premium (if any) on any Parity Obligations as they become due and payable with respect to such Fiscal Year, without preference or priority;

(iii) All payments coming due and payable with respect to such Fiscal Year and required for compliance with this Loan Agreement and the instruments authorizing any Parity Obligations; and

(iv) All payments required to meet any other obligations of the Authority which are charges, liens, encumbrances upon or payable from the Gross Revenues with respect to such Fiscal Year.

SECTION 4.6. No Priority for Additional Obligations. The Authority may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Loan Repayments.

SECTION 4.7. Issuance of Parity Obligations. Except for obligations incurred to prepay or post a security deposit for the Loan in whole, the Authority may not issue or incur any Parity Obligations unless:

(a) The Authority is not then in default under the terms of this Loan Agreement.

(b) The Net Revenues (excluding connection charges), calculated in accordance with sound accounting principles, as shown by the books of the Authority for the latest Fiscal Year or as shown by the books of the Authority for any more recent 12 month period selected by the Authority, in either case verified by a certificate or opinion of an independent certified public accountant (which may be, but not need be, the outside firm providing auditing services) employed by the Authority at least equal 115% of the amount of Maximum Annual Debt Service; *provided, however,* that this subsection (b) does not apply to any issue of Parity Obligations the net proceeds of which are applied to refund the Loan or any Parity Obligations in whole or in part, so long as (i) the final maturity of such Parity Obligations does not exceed the final maturity of the obligations being refunded, and (ii) the aggregate amount of debt service on such Parity Obligations in each Fiscal Year does not exceed the amount of debt service which would otherwise come due and payable in such Fiscal Year on the obligations being refunded.

(c) Notwithstanding the above, the Authority may incur debt payable from Net Revenues (i) to cause a defeasance of this Loan Agreement under Section 6.1 or (ii) which is payable on a basis which is junior to the payment of the Loan Repayments.

SECTION 4.8. Assignment by the Corporation. The Corporation's rights under this Loan Agreement, including the right to receive and enforce payment of the Loan Repayments to be made by the Authority under this Loan Agreement, have been assigned to the Assignee pursuant to an Assignment of Loan Agreement. Whenever in this Loan Agreement any reference is made to the Corporation and such reference concerns rights which the Corporation has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

The Corporation or the Assignee has the right to make additional assignments of its rights and obligations under this Loan Agreement, but the Authority shall not be required to pay more than a single payee, regardless of the number of Assignees, and no such assignment will be effective as against the Authority unless and until the Corporation or the Assignee files with the Authority written notice thereof. The Authority shall pay all Loan Repayments hereunder under the written direction of the Corporation or the Assignee named in the most recent assignment or notice of assignment filed with the Authority. During the Term of this Loan Agreement, the Authority shall keep a complete and accurate record of all such notices of assignment.

SECTION 4.9. Assignment by the Authority. Neither the Loan nor this Loan Agreement may be assigned by the Authority, other than to a public agency which shall succeed to the interests of the Authority in and to the Enterprise and which (by operation of law, by contract or

otherwise) becomes legally bound to all of the terms and provisions hereof.

SECTION 4.10. Amendment of this Loan Agreement. This Loan Agreement may be amended by the Authority and the Corporation, but only with the prior written consent of the Assignee (which consent may not be unreasonably withheld).

SECTION 4.11. Tax Covenants.

(a) Generally. The Authority shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Loan Repayments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The Authority shall assure that the proceeds of the Loan are not so used as to cause the Loan 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.

(c) Federal Guarantee Prohibition. The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Loan Repayments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The Authority shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Loan Repayments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Loan to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) Small Issuer Exemption from Bank Nondeductibility Restriction. The Authority hereby designates this Loan Agreement for purposes of paragraph (3) of Section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Loan Agreement, has been or will be issued by the Authority, including all subordinate entities of the Authority, during the calendar year 2011.

(f) Arbitrage Rebate. The Authority 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 Loan.

(g) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the Authority covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Loan Agreement, or otherwise containing gross proceeds of the Loan (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).

For purposes of this subsection (g), the term "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 (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) 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, (iii) 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 (iv) any commingled investment fund in which the Authority and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1. Events of Default Defined. The following shall be Events of Default under this Loan Agreement.

(a) Failure by the Authority to pay the Corporation any Loan Repayment or to pay other amounts required to be paid hereunder within fifteen (15) days of the time specified herein, and such failure is not cured within ten (10) days after written notice thereof by the Corporation.

(b) Failure by the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder other than as referred to in the preceding clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Authority by the Corporation *provided, however*, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Corporation shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued until the default is corrected.

(c) The filing by the Authority of a voluntary petition in bankruptcy, or failure by the Authority promptly to lift any execution, garnishment or attachment, or adjudication of the Authority as a bankrupt, or assignment by the Authority for the benefit of creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Authority in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(d) An event of default as defined under any contracts or agreements relating to any Parity Obligations.

SECTION 5.2. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Corporation shall have the rights, at its option and without any further demand or notice to:

(a) declare all principal components of the unpaid Loan Repayments, together with accrued interest thereon at the rate of interest per annum represented by the Loan from the immediately preceding Loan Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable; and,

(b) take whatever action at law or in equity may appear necessary or desirable to collect the Loan Repayments then due or thereafter to become due during the Term of this Loan Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Authority under this Loan Agreement.

The provisions of the preceding clause (a) are subject to the condition that if, at any time after the principal components of the unpaid Loan Repayments shall have been so declared due and payable pursuant to the preceding clause (a), and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority shall deposit with the Corporation a sum sufficient to pay all principal components of the Loan Repayments coming due prior to such declaration and all matured interest components (if any) of the Loan Repayments, with interest on such overdue principal and interest components calculated at the rate set forth in Section 3.4(c) and the reasonable expenses of the Corporation (including any reasonable fees and expenses of its attorneys), and any and all other defaults known to the Corporation (other than in the payment of the principal and interest components of the Loan Repayments due and payable solely by reason of such declaration) shall have been made good, then, and in every such case, the Corporation may, by written notice to the Authority 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 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission 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 thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article V it shall not be necessary to give any notice, other than such notice as may be required in this Article V or by law.

SECTION 5.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party of this Loan Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys (including in-house counsel) or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including the allocable cost of in-house counsel) and such other expenses so incurred by the nondefaulting party.

SECTION 5.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party,

such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 5.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article V have been assigned by the Corporation to the Assignee and shall be exercised solely by the Assignee.

ARTICLE VI

PREPAYMENT OF LOAN

SECTION 6.1. Security Deposit. Notwithstanding any other provision of this Loan Agreement, the Authority may on any date secure the payment of Loan Repayments, in whole, by irrevocably depositing with a fiduciary an amount of cash which, together with other available amounts, is either (a) sufficient to pay all such Loan Repayments, including the principal and interest components thereof, when due pursuant to Section 3.4(a), or (b) invested in whole or in part in Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Loan Repayments when due pursuant to Section 3.4(a) or when due on any optional prepayment date pursuant to Section 6.2, as the Authority shall instruct at the time of said deposit. In the event of a security deposit pursuant to this Section for the payment of all remaining Loan Repayments, all obligations of the Authority under this Loan Agreement, and the pledge of Net Revenues and all other security provided by this Loan Agreement for said obligations, shall cease and terminate, excepting only the obligation of the Authority to make, or cause to be made, all of Loan Repayments from such security deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of such Loan Repayments in accordance with the provisions of this Loan Agreement.

SECTION 6.2. Optional Prepayment. The Authority shall have the option to prepay the unpaid principal balance of the Loan in whole, on any Loan Repayment Date, commencing on the tenth anniversary of the Closing Date, by paying the Loan Repayment required to be paid on such date plus a prepayment price equal to the principal amount of the Loan Repayments to be prepaid, together with a one half of one percent (.50%) prepayment premium thereon. There shall be no prepayment premium commencing on the twelfth anniversary of the Closing Date. The Authority shall give the Corporation written notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

SECTION 6.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The Authority shall prepay the unpaid principal balance of the Loan in whole on any date or in part, on any Loan Repayment Date, from and to the extent the Authority determines to apply any Net Proceeds of insurance award or condemnation award with respect to the Enterprise for such purpose pursuant to Sections 4.2 or 4.3 at a price equal to the principal amount to be prepaid plus accrued interest to the date of prepayment. The Authority and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Loan Repayments, shall be credited towards the Authority's obligations under this Section 6.3.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1. Notices. All written notices to be given under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopier or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the Authority or the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:	San Elijo Joint Powers Authority 2965 Manchester Avenue Cardiff, CA 92007 Attention: General Manager
If to the Corporation:	Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361 Attention: President
If to the Assignee:	City National Bank 555 South Flower Street, 24th Floor Los Angeles, CA 90071 Attention: Credit Management

SECTION 7.2. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Corporation and the Authority and their respective successors and assigns.

SECTION 7.3. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 7.4. Net-net-net Contract. This Loan Agreement shall be deemed and construed to be a "net-net-net" contract, and the Authority hereby agrees that the Loan Repayments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 7.5. Further Assurances and Corrective Instruments. The Corporation and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

SECTION 7.6. Execution in Counterparts. This Loan 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 7.7. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Authority has caused this Loan Agreement to be executed in its name by its duly authorized officer, and the Corporation has caused this Loan Agreement to be executed in its corporate name by its duly authorized officer, as of the date first above written.

SAN ELIJO JOINT POWERS AUTHORITY

By _____
General Manager

MUNICIPAL FINANCE CORPORATION

By _____
President

EXHIBIT A
SCHEDULE OF LOAN REPAYMENTS

PMT #	Due Date	Loan Payment	To Principal	To Interest
1	03/30/12	\$62,087.68	\$32,576.57	29,511.11
2	09/30/12	74,076.57	33,252.53	40,824.04
3	03/30/13	74,076.57	33,942.52	40,134.05
4	09/30/13	74,076.57	34,646.83	39,429.74
5	03/30/14	74,076.57	35,365.75	38,710.82
6	09/30/14	74,076.57	36,099.59	37,976.98
7	03/30/15	74,076.57	36,848.66	37,227.91
8	09/30/15	74,076.57	37,613.27	36,463.30
9	03/30/16	74,076.57	38,393.74	35,682.83
10	09/30/16	74,076.57	39,190.41	34,886.16
11	03/30/17	74,076.57	40,003.61	34,072.96
12	09/30/17	74,076.57	40,833.69	33,242.88
13	03/30/18	74,076.57	41,680.99	32,395.58
14	09/30/18	74,076.57	42,545.87	31,530.70
15	03/30/19	74,076.57	43,428.70	30,647.87
16	09/30/19	74,076.57	44,329.84	29,746.73
17	03/30/20	74,076.57	45,249.69	28,826.88
18	09/30/20	74,076.57	46,188.62	27,887.95
19	03/30/21	74,076.57	47,147.03	26,929.54
20	09/30/21	74,076.57	48,125.33	25,951.24
21	03/30/22	74,076.57	49,123.93	24,952.64
22	09/30/22	74,076.57	50,143.25	23,933.32
23	03/30/23	74,076.57	51,183.73	22,892.84
24	09/30/23	74,076.57	52,245.79	21,830.78
25	03/30/24	74,076.57	53,329.89	20,746.68
26	09/30/24	74,076.57	54,436.48	19,640.09
27	03/30/25	74,076.57	55,566.04	18,510.53
28	09/30/25	74,076.57	56,719.04	17,357.53
29	03/30/26	74,076.57	57,895.96	16,180.61
30	09/30/26	74,076.57	59,097.30	14,979.27
31	03/30/27	74,076.57	60,323.57	13,753.00
32	09/30/27	74,076.57	61,575.28	12,501.29
33	03/30/28	74,076.57	62,852.97	11,223.60
34	09/30/28	74,076.57	64,157.17	9,919.40
35	03/30/29	74,076.57	65,488.43	8,588.14
36	09/30/29	74,076.57	66,847.31	7,229.26
37	03/30/30	74,076.57	68,234.39	5,842.18
38	09/30/30	74,076.57	69,650.26	4,426.31
39	03/30/31	74,076.57	71,095.50	2,981.07
40	09/30/31	74,076.57	72,570.47	1,506.10

TOTALS: \$2,951,073.91 \$2,000,000.00 \$951,073.91

*** Payment due dates will change if Closing Date is other than November 22, 2011**

RESOLUTION NO. 2012-01

**AUTHORIZING THE EXECUTION AND DELIVERY OF A
LOAN AGREEMENT, AND AUTHORIZING AND DIRECTING CERTAIN
ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the San Elijo Joint Powers Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the Authority desires to provide for financing in the maximum principal amount of \$2,000,000 for the acquisition and construction of an advanced water treatment system including buildings, related site work and expenses, membrane filtration systems and related equipment (the "Project"); and

WHEREAS, Brandis Tallman LLC or its nominee (the "Corporation") has proposed a cost-effective Loan financing arrangement at an interest rate not to exceed 4.15%; and

WHEREAS, the Authority anticipates that certain proceeds of the Loan financing arrangement will be used to reimburse the Authority for certain expenditures ("Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Authority to declare its reasonable official intent to reimburse prior expenditures of the Project with proceeds of the Loan financing arrangement;

NOW, THEREFORE, it is resolved by the Board of Directors of the San Elijo Joint Powers Authority as follows:

SECTION 1. Recitals. The Authority finds and determines that the foregoing recitals are true and correct.

SECTION 2. Loan Agreement. The Chair of the Board of Directors, the General Manager or a designee in writing (each, an "Authorized Officer") is hereby authorized to enter into a Loan Agreement (the "Loan") with the Corporation to finance the Project, subject to approval as to form by the Authority's legal counsel.

SECTION 3. Attestations. The Secretary of the Board or other appropriate Authority officer is hereby authorized and directed to attest the signature of the Authorized Officer or of such other person or persons as may have been designated by the Authorized Officer, and to affix and attest the seal of the Authority, as may be required or appropriate in connection with the execution and delivery of the Loan.

SECTION 4. Authorization to Establish Project Fund. The Board of Directors hereby authorizes and directs the Chair of the Board, the General Manager or a designee in writing to make appropriate arrangements to establish a Capital Program Account into which the proceeds of the financing are deposited for the purpose of paying the costs of the Project.

SECTION 5. Other Actions. The Authorized Officer and other officers of the Authority are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Loan. Such actions are hereby ratified, confirmed and approved.

SECTION 6. Qualified Tax-Exempt Obligations. The Loan is hereby designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Authority, together with all subordinate entities of the Authority, do not reasonably expect to issue during the calendar year in which the Loan is issued more than \$10,000,000 of obligations which it could designate as “qualified tax-exempt obligations” under Section 265(b) of the Code.

SECTION 7. Effect. This Resolution shall take effect immediately upon its passage. This Resolution including the declaration in Section 7 does not bind the Authority to make any expenditure, to incur any indebtedness or to proceed with the Project or any portion of it.

PASSED, APPROVED AND ADOPTED this 10th day of October, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved:

Thomas M. Campbell, Chair of the Board

Attest:

Michael T. Thornton, Secretary of the Board

SAN ELIJO JOINT POWERS AUTHORITY
MEMORANDUM

October 10, 2011

TO: Board of Directors
San Elijo Joint Powers Authority

FROM: Director of Finance/Administration

SUBJECT: BOND ISSUE REFUNDING

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the General Manager to pursue refunding wastewater debt, and
2. Discuss and take other actions as appropriate.

BACKGROUND

In the late 1980's, the Member Agencies and the SEJPA funded the upgrade and expansion of the wastewater facilities at the San Elijo Water Pollution Control Facility. The project was funded by the issuance of \$24.5 million in revenue bonds. In 1993, and again in 2003, the original bonds were refunded by the SEJPA for the purpose of reducing future payment costs by obtaining lower interest rates. At this time, the existing bonds have an outstanding balance of \$11.3 million with approximately 8 years remaining at an average annual interest rate of 4.875 percent.

In 2005, the SEJPA entered into a loan agreement with the California Energy Commission to finance the Performance Optimization of the Activated Sludge System. The agreement was for \$1.2 million financed for 12 years at an interest rate of 3.95 percent. The current outstanding balance is \$1.0 million.

Due to recent moves in the public bond market, staff is confident that significant cost savings can be obtained through the refunding of the combination of the bonds and the CEC loan.

DISCUSSION

Volatility in the investment markets has appeared to draw investors to the relative safety of the public bond market. This increase in appetite for public bonds coupled with a slight reduction in bond releases has forced down the interest rates on this type of investment. The 2003 bonds are callable in March 2012, which allows the SEJPA to issue refunding bonds anytime after

December 2011. At the request of the SEJPA, Brandis Tallman, LLC (Brandis) has prepared an analysis presenting the financial benefits of refunding the 2003 issue at this time (Attachment).

The analysis estimates gross savings of \$206,000 annually, or approximately \$96,000 annually to the Cardiff Sanitation Division and \$110,000 to the Solana Beach Sanitation Division based on their share of the original bond issue. The refunding represents a net present value savings of \$1.3 million or about 10.7 percent of refunded par value. Furthermore, staff recommends pursuing the new issuance as an insured public offering, which would raise the rating from AA to AA+ (due to the insurance). The bond insurance provides a double benefit; first it improves the bond rating which improves the interest rate. Second, and more significantly, it eliminates the requirement for a cash funded reserve fund. This would decrease the term of the refunded bond portion of the issue by approximately one year and final maturity would be in 2019. The term of the refinanced CEC loan portion of the issue would remain the same and mature in 2021. The estimated interest rate of the public issue would range from 0.45 to 2.25 percent with the weighted average of approximately 1.76 percent.

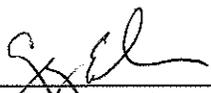
Staff has met with both Member Agencies to review the refunding options, as well as discuss schedules and work effort required to complete the new bond issue. All parties have agreed that refinancing the bonds and the loan are in the best interest of the SEJPA and the Member Agencies.

Given the information presented, it appears that refunding the 2003 bonds and refinancing the CEC loan with it through a public issue offering should be considered at this time. Based on current market information, the sanitation divisions of each Member Agency will likely realize savings of approximately \$100,000 per year for the next 8 years.

It is therefore recommended the Board of Directors:

1. Authorize the General Manager to pursue refunding wastewater debt, and
2. Discuss and take other actions as appropriate.

Respectfully submitted,



Gregory Lewis
Director of Finance/Administration

Attachment: Refunding Bonds Cost Analysis

SAN ELIJO JOINT POWERS AUTHORITY, CALIFORNIA
Refunding Revenue Bonds, Series 2011 (2003 Refunding Revenue Bonds)
and Refunding of the 2005A ECAA Revenue Bond
Summary as of 9/13/11
Preliminary, Subject to Change with Market Conditions

	<u>Loan</u>	<u>2003 Bonds</u>	<u>Combined</u>
REFUNDING BONDS			
Cost of Defeasance @ 3/1/2012	1,029,317	11,736,400	12,765,717
Cost of Issuance and Underwriter's Discount (1)	19,921	255,200	275,121
Reserve Fund	0	Surety	
Existing Reserve Fund	0	1,598,300	1,598,300
Debt Service Due (Next Respective Payment Date)	64,238	1,323,300	1,387,538
Par Amount	985,000	9,070,000	10,055,000
Arbitrage Yield			1.79%
All-In True Interest Cost			2.27%
Final Maturity of Refunding (shortened by 1 year for the 2003 Bonds and 3 Months for the Loan)	3/1/2021	3/1/2019	
AVG. FISCAL YEAR DEBT SERVICE SAVINGS (2)			
2012/13 thru Final Maturity of Loan or Bonds	8,102	197,471	205,573
TOTAL DEBT SERVICE (2)			
Refunding	1,083,368	9,663,751	10,747,119
Existing	1,156,283	11,014,076	12,170,359
Savings	72,915	1,350,325	1,423,240
Net Present Value Savings	64,652	1,258,986	1,323,638
Net Present Value Savings %	6.41%	11.08%	10.70%

(1) Incl. bond counsel, disclosure counsel, rating, printing, trustee, underwriter's discount, bond insurance premium and surety, as applicable.

(2) Includes a credit for interest earnings on the reserve fund each year and the reserve fund corpus in the final year of 2019/20 on the 2003 Bonds.