

**BOARD MEETING AGENDA
ANNUAL MEETING OF THE BOARD OF DIRECTORS OF
CITRUS HEIGHTS WATER DISTRICT FINANCING CORPORATION
JUNE 17, 2020 beginning at 6:00 PM**



**DISTRICT ADMINISTRATIVE OFFICE
6230 SYLVAN ROAD, CITRUS HEIGHTS, CA**

PHONE CALL IN: (253) 215-8782

PHONE MEETING ID: 950 2033 7514

COMPUTER AUDIO/LIVE MEETING PRESENTATIONS: <https://zoom.us/j/95020337514>

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at (916) 725-6873. Requests must be made as early as possible, and at least one full business day before the start of the meeting. Pursuant to Executive Order N-29-20, the meeting will be held at the listed physical location and electronically through the above phone number.

Directors and members of the public may attend the meeting in person at the District headquarters or remotely through the phone number and link above. In compliance with the Sacramento County Health Order issued May 26, 2020, which states “Persons should wear face coverings when in public places,” members of the public shall wear a face covering unless they are exempt per the order.

CALL TO ORDER:

Upon request, agenda items may be moved to accommodate those in attendance wishing to address that item. Please inform the Secretary.

ROLL CALL OF DIRECTORS:

VISITORS:

PUBLIC COMMENT:

The Public shall have the opportunity to directly address the Board on any item of interest to the public before or during the Board’s consideration of that item pursuant to Government Code Section 54954.3. Public comment on items of interest within the jurisdiction of the Board is welcome. The Presiding Officer will limit comments to three (3) minutes per speaker.

(A) Action Item

(D) Discussion Item

(I) Information Item

CONSENT CALENDAR: (A)

All items under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, Audience, or Staff request a specific item be removed for separate discussion/action before the motion to approve the Consent Calendar.

CC-1. Consideration of Approval of the Minutes of the Annual Meeting of the Citrus Heights Water District Financing Corporation of June 19, 2019 (A)

Recommendation:

Approve minutes from the June 19, 2019 Annual Meeting of the Citrus Heights Water District Financing Corporation.

CC-2. Confirmation/Appointment of CHWD Financing Corporation Officers (A)

Consider confirmation and appointment of Citrus Heights Water District Financing Corporation Officers.

PRESENTATION:

P-1. Status of the CHWD Revenue Refunding Certificates of Participation, Series 2010 (I)

Review the Annual Report for the CHWD Revenue Refunding Certificates of Participation, Series 2010 and other information related to debt financing by the District

ADJOURNMENT:

CERTIFICATION:

I do hereby certify that this agenda was posted in a location accessible to the public at 6230 SYLVAN ROAD, CITRUS HEIGHTS, CA 95610 at least 72 hours prior to the regular meeting in accordance with Government Code Section 54954.2.



Madeline Henry, Administrative Services Manager/
Chief Board Clerk

Dated: June 11, 2020

CITRUS HEIGHTS WATER DISTRICT FINANCING CORPORATION
BOARD OF DIRECTORS MEETING MINUTES
June 19, 2019

The Regular Meeting of the Board of Directors was called to order at 8:44 p.m. by President Sheehan and roll was called. Present were:

Caryl F. Sheehan, President
Raymond A. Riehle, Vice President

Absent:

David C. Wheaton, Director

Staff:

Christopher Castruita, Management Services Supervisor/Chief Board Clerk
Paul Dietrich, Project Manager
Madeline Henry, Management Services Specialist/Deputy Board Clerk
Brian Hensley, Water Resources Supervisor
Rex Meurer, Water Efficiency Supervisor
Brittney Moore, Customer Service Technician II
Jeff Ott, Principal Information Technology Analyst
Missy Pieri, Director of Engineering/District Engineer
Alberto Preciado, Accounting Supervisor
Rebecca Scott, Senior Management Services Specialist
Nick Spiers, Assistant Water Distribution Supervisor
John Spinella, Operations Technician
Hilary Straus, General Manager
Susan Talwar, Administrative Services Manager

VISITORS:

None.

PUBLIC COMMENT:

None.

CONSENT CALENDAR:

None.

BUSINESS:

B-1. Consideration of Approval of the Minutes of the Annual Meeting of the Citrus Heights Water District Financing Corporation of July 18, 2018 (A)

ACTION:

Vice President Riehle moved and President Sheehan seconded a motion to approve the Minutes of the Annual Meeting of the Citrus Heights Water District Financing Corporation of July 18, 2018 (A)

The motion carried 2-0 with all Directors voting yes.

B-2. Confirmation / Appointment of CHWD Financing Corporation Officers (A)

ACTION:

Vice President Riehle moved and President Sheehan seconded a motion to confirm and appoint the following Citrus Heights Water District Financing Corporation Officers.

The motion carried 2-0 with all Directors voting yes.

President	Caryl F. Sheehan	Appoint as President
Vice President	Raymond A. Riehle	Appoint as Vice President
Director	David C. Wheaton	Appoint as Director
Chief Financial Officer	Susan K. Talwar	Reconfirm as CFO
Secretary	Hilary M. Straus	Reconfirm as Secretary

B-3. Status of the CHWD Revenue Refunding Certificates of Participation, Series 2010 (I)

ACTION:

President Sheehan moved and Vice President Riehle seconded a motion to receive and file the Annual Report for the CHWD Revenue Refunding Certificates of Participation, Series 2010 and other information related to debt financing by the District.

The motion carried 2-0 with all Directors voting yes.

ADJOURNMENT:

There being no other business to come before the Board, the meeting was adjourned at 8:49 p.m.

APPROVED:

MADELINE A. HENRY
Deputy Secretary
Citrus Heights Water District

RAYMOND A. RIEHLE, President
Board of Directors
Citrus Heights Water District

CITRUS HEIGHTS WATER DISTRICT FINANCING CORPORATION

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS OF THE CHWD FINANCING CORPORATION JUNE 17, 2020 ANNUAL MEETING

SUBJECT : CONFIRMATION / APPOINTMENT OF CHWD FINANCING CORPORATION OFFICERS
 STATUS : Action Item
 REPORT DATE : June 8, 2020
 PREPARED BY : Susan K. Talwar, Director of Finance and Administrative Services

OBJECTIVE:

Consider confirmation and appointment of Citrus Heights Water District Financing Corporation Officers.

BACKGROUND AND ANALYSIS:

In light of the change in one of the Board the following proposed changes are noted below.

Existing Officers:

President	Caryl F. Sheehan
Vice President	Raymond A. Riehle
Director	David C. Wheaton
Chief Financial Officer	Susan K. Talwar
Secretary	Hilary M. Straus

Proposed Officers:

President	Raymond A. Riehle	Appoint as President
Vice President	David C. Wheaton	Appoint as Vice President
Director	Caryl F. Sheehan	Appoint as Director
Chief Financial Officer	Susan K. Talwar	Reconfirm as CFO
Secretary	Hilary M. Straus	Reconfirm as Secretary

RECOMMENDATION:

Confirm and appoint the following Citrus Heights Water District Financing Corporation Officers:

President	Raymond A. Riehle	Appoint as President
Vice President	David C. Wheaton	Appoint as Vice President
Director	Caryl F. Sheehan	Appoint as Director
Chief Financial Officer	Susan K. Talwar	Reconfirm as CFO
Secretary	Hilary M. Straus	Reconfirm as Secretary

ACTION:

Moved by Director _____, Seconded by Director _____, Carried _____

CITRUS HEIGHTS WATER DISTRICT FINANCING CORPORATION

DISTRICT STAFF REPORT TO BOARD OF DIRECTORS OF THE CHWD FINANCING CORPORATION JUNE 17, 2020 ANNUAL MEETING

SUBJECT : STATUS OF THE CITRUS HEIGHTS WATER DISTRICT REVENUE
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2010

STATUS : Information / Discussion Item

REPORT DATE : June 8, 2020

PREPARED BY : Alberto Preciado, Accounting Manager
Susan K. Talwar, Administrative Services Manager

OBJECTIVE:

1. Approve the draft Annual Report for the Citrus Heights Water District (CHWD) Revenue Refunding Certificates of Participation, Series 2010 and other information related to debt financing by the District.
2. Authorize Staff to file Annual Report as required to, the federal self-regulated organization, Municipal Securities Rulemaking Board (MSRB).

BACKGROUND AND ANALYSIS:

1. The Citrus Heights Water District Financing Corporation (the Corporation) was formed in July 2000 for the purpose of issuing the \$7.9 million in Certificates of Participation (COPs) for the financing of water meter installations and well improvements. Section 3.5 of the Bylaws for the Corporation requires that an annual meeting be held each year. In June 2010, the Corporation authorized the refunding of the Series 2000 COPs with the issuance of the Revenue Refunding COPs, Series 2010, in the amount of \$5,155,000. The purpose of this meeting is to review information or developments related to the COP financing and to fulfill a legal requirement for California non-profit corporations.

Included with Directors' agenda packets is a draft of the Continuing Disclosure Annual Report for the Revenue and Revenue Refunding COPs (Attachment 1). This report is a requirement of the District's COP issuance and is generally required for all publicly-traded securities. It is filed with the Electronic Municipal Market Access (EMMA) data service of the MSRB, where these reports are made available to the public. The Annual Report shows the status of the principal on the COPs and other financial and operating information about the District as of December 31, 2019. The balance outstanding on the COPs at that time was \$545,000.

The District made two installment payments in 2017 on the Series 2010 COPs for a total of \$567,800; \$525,000 as repayment of principal on the COPs; and \$42,800 in interest on the debt. The District has one year of payments remaining on this 10-year debt refunding as of December 31, 2019 (Attachment 2) with an outstanding balance of \$ 545,000.

The District's AA bond rating on its debt was most recently reaffirmed in September 2015 during a review completed by Standard and Poor's (S&P). The rating is a continued affirmation of the District's strong financial policies and financial stability.

2. The debt under the San Juan Water District (SJWD)/CHWD COPs, originally issued in 2003, was not issued under the authority of the CHWD Financing Corporation, since it was done under the authority of the San Juan Suburban Water District Financing Corporation. However, staff has typically reported on the status of the SJWD/CHWD debt issuance at the time of the CHWD Financing Corporation Annual Meeting.

CHWD participated with SJWD in a refunding of the 2003 Series debt that was completed in May 2012. The new debt issuance is identified as the SJWD/CHWD Refunding Revenue Bonds, Series 2012A. This refunding resulted in a savings to SJWD and CHWD over the remaining life of their respective debt. The principal amount outstanding on the Series 2012A bonds as of December 31, 2018 was \$1,705,000. CHWD's annual principal and interest payments on the Series 2012A debt ranges from \$168,325 to \$175,937 annually over the remaining life of the debt through its retirement in 2033 with an outstanding balance of \$ 1.705 million.

Payments on the SJWD/CHWD debt issuance are paid quarterly by CHWD to SJWD coincidental with CHWD's payments to SJWD for wholesale surface water supplies.

RECOMMENDATIONS:

1. Approve the draft Annual Report for the CHWD Revenue Refunding Certificates of Participation, Series 2010.
2. Authorize Staff to file Annual Report as required to the MSRB.

ATTACHMENTS:

1. Draft of 2019 Continuing Disclosure Annual Report
 2. Series 2010 COP Debt Service Schedule – pg. 6 of the Official Statement, dated: August 17, 2010, prepared by Southwest Securities, Inc.
-

ATTACHMENT 1

2019 Continuing Disclosure Annual Report (Draft)

CONTINUING DISCLOSURE ANNUAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2019

**CITRUS HEIGHTS WATER DISTRICT
REVENUE REFUNDING CERTIFICATES OF
PARTICIPATION, SERIES 2010
(BANK QUALIFIED)**

**SAN JUAN WATER DISTRICT
REFUNDING REVENUE BONDS
(SAN JUAN AND CITRUS HEIGHTS PROJECT)
SERIES 2012A**



**CITRUS HEIGHTS WATER DISTRICT
6230 SYLVAN ROAD
CITRUS HEIGHTS, CALIFORNIA 95610**

**CITRUS HEIGHTS WATER DISTRICT
REVENUE REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2010
(BANK QUALIFIED)**

MATURITY DATE

(October 1)

CUSIP*

2020

177495 BA5

**SAN JUAN WATER DISTRICT
REVENUE REFUNDING BONDS
(SAN JUAN AND CITRUS HEIGHTS PROJECTS)
SERIES 2012A**

MATURITY DATE

(February 1)

CUSIP*

2021

798326 AJ3

2022

798326 AK0

2023

798326 AL8

2025

798326 AN4

2033

798326 AM6

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INTRODUCTION

THIS CONTINUING DISCLOSURE ANNUAL REPORT, dated June 11, 2020 (the “Annual Report”) has been prepared to satisfy the obligations of the Citrus Heights Water District (the “District”).

Definitions

Unless otherwise required, the following are the defined terms for this Annual Report.

2010 Certificates. 2010 Certificates means the Citrus Heights Water District Revenue Refunding Certificates of Participation, Series 2010, executed and delivered on September 1, 2010.

2010 Disclosure Agreement. 2010 Disclosure Agreement means that certain Continuing Disclosure Agreement, dated September 1, 2010, executed by the District in connection with the execution and delivery of the 2010 Certificates.

2012 Bonds. 2012 Bonds means the San Juan Water District Revenue Refunding Bonds (San Juan and Citrus Heights Project) Series 2012A, issued on May 16, 2012.

2012 Disclosure Certificate. 2012 Disclosure Certificate means that certain Amended and Restated Continuing Disclosure Certificate, dated May 16, 2012, executed by the District in connection with the issuance of the 2012 Bonds.

Debt Obligations. Debt Obligations means the 2010 Certificates and the 2012 Bonds.

Disclosure Documents. Disclosure Documents means the 2010 Disclosure Agreement and the 2012 Disclosure Certificate.

EMMA. EMMA means the Electronic Municipal Market Access, a service of the Municipal Securities Rulemaking Board.

Fiscal Year. Fiscal Year means the period beginning on January 1 of each year and ending on the last day of December of such year, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

Official Statements. Official Statements means that certain Official Statement, dated August 17, 2010, with regards to the 2010 Certificates and that certain Official Statement, dated April 26, 2012 with regards to the 2012 Bonds.

Rule. Rule means Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

San Juan. San Juan means the San Juan Water District.

Delivery of the Annual Report

The District has agreed under the Disclosure Documents to provide certain annual financial information and operating data and notices of significant events. These covenants have been made in order to assist the underwriters of the Debt Obligations in complying with the Rule. As provided in Section 3 of the Disclosure Documents, this Annual Report is being prepared for publication with EMMA for the benefit of the owners of the Debt Obligations and the underwriters. Capitalized terms used in the Disclosure Certificates, which are not otherwise defined herein, shall have the respective meaning specified in the Official Statement.

The following is information as required under Section 4 of the Disclosure Documents.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the District for the Fiscal Year ending December 31, 2019 are attached hereto as Appendix A.

PRINCIPAL AMOUNTS OUTSTANDING

2010 Certificates

As of the date of this Annual Report, the outstanding principal amount on the 2010 Certificates is \$545,000.

2012 Bonds

As of the date of this Annual Report, the outstanding principal amount of the 2012 Installment Purchase Agreement attributable to the District in connection with the 2012 Bonds is \$1,615,000. As of Fiscal Year ended 2019, the outstanding principal amount of the 2012 Installment Purchase Agreement attributable to the District in connection with the 2012 Bonds is \$1,705,000.

RESERVE FUND REQUIREMENTS

2010 Certificates

Pursuant to the 2010 Certificates Trust Agreement, the District is required to establish the Reserve Fund (the "2010 Reserve Fund") in an amount equal to \$536,949.37, the 2010 Reserve Fund Requirement. As of the date of this Annual Report, the balance in the 2010 Reserve Fund is \$538,886.52, based on federal costs for portions of certain investments.

2012 Bonds

Pursuant to the 2012 Bonds Indenture, there is no debt service reserve fund.

FINANCIAL INFORMATION AND OPERATING DATA

Water Deliveries

The following table summarizes water deliveries in acre feet for the last Fiscal Year.

CITRUS HEIGHTS WATER DISTRICT WATER DELIVERIES (in acre feet) Fiscal Year 2019

<i>Treated Water Deliveries</i>	<i>Groundwater Deliveries</i>	<i>Total Water Deliveries</i>
10,642	359	11,001

Source: Citrus Heights Water District.

Service Connections

The following table represents a summary of average service connections to the Water System for the last Fiscal Year.

CITRUS HEIGHTS WATER DISTRICT SERVICE CONNECTIONS Fiscal Year 2019

<i>Service Connections</i>	<i>Percent Increase/(Decrease)</i>
19,937	0.13%

Source: Citrus Heights Water District.

Water Sales Revenues

The following table shows annual water sales revenues of the District for the last Fiscal Year.

CITRUS HEIGHTS WATER DISTRICT WATER SALES REVENUES

<i>Fiscal Year Ending December 31</i>	<i>Sales Revenues</i>	<i>Percent Increase/(Decrease)</i>
2019	\$14,823,207	5.0%

Source: Citrus Heights Water District.

Water System Rates and Charges

The table below lists the annual water system rates and the percentage rate increases approved by the Board of Directors of the District for the last Fiscal Year for single family residences.

**CITRUS HEIGHTS WATER DISTRICT
WATER SYSTEM RATES AND CHARGES – SINGLE FAMILY RESIDENCES
Fiscal Year 2019**

<i>Annual Rate</i>	<i>Percent Increase</i>
\$725.26	5%

Source: Citrus Heights Water District. 1" meter bi-monthly service charge with 20 units of water consumption.

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Operating Results and Debt Service Coverage

The following table is a summary of operating results for the last two fiscal years. These results have been derived from the District's Financial Statements but exclude certain non-cash items and include certain other adjustments.

CITRUS HEIGHTS WATER DISTRICT OPERATING RESULTS FISCAL YEAR ENDED DECEMBER 31

	2018	2019
Revenues		
Water Sales	\$ 14,119,865	\$ 14,823,207
Capacity Fees, Other Fees and Charges	255,179	517,269
Interest Earnings ⁽¹⁾	159,437	197,755
Miscellaneous ⁽²⁾	455,129	107,638
Total Revenues	\$ 14,989,610	\$ 15,645,869
Operation and Maintenance Expenses		
Water Purchases	\$ 2,878,799	\$ 3,131,903
Pumping & Well Maintenance	717,562	683,432
Transmission & Distribution	2,142,451	2,425,827
Administrative & General and Conservation ⁽³⁾	4,046,627	3,932,060
Total Operation and Maintenance Expenses	\$ 9,785,439	\$ 10,173,222
Net Revenues	\$ 5,204,171	\$ 5,472,647
Rate Stabilization (RS) Reserve	\$0	\$0
Net Revenues & RS Reserve	\$ 5,204,171	\$ 5,472,647
Parity Debt Service		
2010 Installment Purchase Agreement	\$ 568,000	\$ 567,800
2012 Installment Purchase Agreement	167,938	169,863
Total Parity Debt Service	\$ 735,938	\$ 737,663
Total Debt Service Coverage	7.07x	7.42x
Citrus Heights Revenues Available for other Purposes	\$ 4,468,234	\$ 4,734,985

(1) Fiscal Year 2019 excludes unrealized gain on investment in the amount of \$17,207.

(2) Includes groundwater transfers and sales revenue.

(3) Excludes certain non-cash items related to pension and OPEB expenses.

Source: Citrus Heights Water District

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CERTAIN DISCLAIMERS

The information contained in this Annual Report expresses only the views of the applicable party. An explanation of the significance of any such information may be obtained from the applicable party; provided, however, that no information provided by any party is incorporated in this Annual Report. The District undertakes no responsibility to oppose any revision or withdrawal of such information contained in this Annual Report.

To the extent the District provides information in this Annual Report, the District is not obligated to present or update information in future Annual Reports. Investors are advised to refer to the applicable Official Statement for the Debt Obligations for information concerning the initial issuance of and security for the Debt Obligations.

By providing the information in this Annual Report, the District does not imply or represent (a) that all information provided in this Annual Report is material to investors' decisions regarding investment in the Debt Obligations, (b) the completeness or accuracy of any financial, operational or other information not included herein or in the Official Statements, (c) that no changes, circumstances or events have occurred since the date of this Annual Report (other than as contained herein), or (d) that no other information exists which may have a bearing on the District's financial condition, the security for the Debt Obligations or an investor's decision to buy, sell or hold the Debt Obligations.

The information set forth in this Annual Report or incorporated in this Annual Report has been furnished by the District and is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in or incorporated by this Annual Report which involves estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Annual Report or incorporated in this Annual Report are subject to change without notice and the delivery of this Annual Report will not, under any circumstances, create any implication that there has been no change in the affairs of the District. The District is relying upon and has not independently confirmed or verified the accuracy or completeness of information provided by others or other information incorporated by reference therein.

No statement contained in this Annual Report should be construed as a prediction or representation about future financial performance of the District. Historical results presented herein may not be indicative of future operating results.

CONCLUSION

The information set forth in this Annual Report has been obtained from sources believed by the District to be reliable and is fairly presented.

CITRUS HEIGHTS WATER DISTRICT

Hilary M. Straus
General Manager

APPENDIX A

**AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2019**

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ATTACHMENT 2

Series 2010 COP Debt Service Schedule

DEBT SERVICE SCHEDULE

Set forth below is a schedule of Installment Payments for each annual period ending on October 1 of the years indicated. (Series 2003 Installment Payments, which are payable from Net Revenues on a parity with the Installment Payments, are below under "DISTRICT FINANCIAL INFORMATION—Projected Operating Results and Debt Service Coverages.")

<i>Annual Period (October 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010	\$ 485,000	\$ 14,275	\$ 499,275
2011	410,000	161,600	571,600
2012	420,000	153,400	573,400
2013	425,000	145,000	570,000
2014	435,000	132,250	567,250
2015	450,000	119,200	569,200
2016	470,000	101,200	571,200
2017	485,000	82,400	567,400
2018	505,000	63,000	568,000
2019	525,000	42,800	567,800
2020	<u>545,000</u>	<u>21,800</u>	<u>566,800</u>
Totals	\$ 5,155,000	\$ 1,036,925	\$ 6,191,925

Source: The District

SECURITY AND SOURCES OF PAYMENT FOR THE 2010 CERTIFICATES

Pledge Under the Installment Purchase Agreement

Pursuant to the Installment Purchase Agreement, all Revenues and all amounts on deposit in the Revenue Fund are irrevocably pledged to the payment of the Series 2010 Installment Payments as provided by the Installment Purchase Agreement and the Revenues will not be used for any other purpose while any of the Series 2010 Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted by the Installment Purchase Agreement. Such pledge constitutes a first and exclusive lien on Revenues and, subject to application of amounts on deposit therein as permitted by the Installment Purchase Agreement the Revenue Fund and the other funds and accounts created by the Installment Purchase Agreement for the payment of the Series 2010 Installment Payments, the 2003 Installment Payments and all other Contracts and Bonds in accordance with the terms of the Installment Purchase Agreement and the Trust Agreement.

The Series 2010 Installment Payments are payable from Net Revenues, being Revenues of the District remaining after payment of Operation and Maintenance Costs of the Water System. Revenues are defined in the Installment Purchase Agreement to mean, for any fiscal year of the District, all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing; (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; (2) the earnings on and income derived from the investment of amounts described in the Installment Purchase Agreement and from District reserves; and (3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of the Water System; but excluding: (a) customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District and (b) any proceeds of taxes or assessments restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued. Revenues shall also include all amounts transferred from the Rate Stabilization Reserve to the Revenue Fund during any Fiscal Year in accordance with the Installment Purchase Agreement and shall not include any