



STATE WATER RESOURCES CONTROL BOARD  
 Division of Financial Assistance  
 P. O. Box 944212, Sacramento, CA 94244-2120



# Lead Service Line Financial Package Instructions

**Applicant (Entity) Legal Name** – Enter the full name of the entity that will be the legal signatory to a financing agreement.

**Proposed Security** – Enter the revenues and fund(s) you will use to repay the DWSRF Lead Service Line (LSL) loan financing, if applicable.

**Project Name** – Enter the title of the project.

**Contact Person and Phone** – Enter the name and phone number of the day-to-day contact for the project. This person should be able to answer financial questions about the project and application.

## 1. Financing Amount Requested

Estimate the project costs to be funded with State Water Board DWSRF LSL funds. This amount should match the Amount of Assistance Requested in Section 2 of the LSL Application Package.

## 2. Term Requested

Indicate the financing term you are requesting.

- For Inventory: 5-year or 10-year
- For Replacement: 20-year or 30-year

This item is not required if the applicant is eligible for 100% percent principal forgiveness funding.

## 3. Other Project Funding Sources

Describe how the total project will be financed.

- ✓ Enter the name(s) and type(s) of all funding sources.
- ✓ Enter the amount of funds you expect to receive from each source.
- ✓ Check the appropriate box to indicate whether the other sources of financing have been applied for, approved by the funding agency, or received by the applicant.
- ✓ Submit copies of other funding sources commitment or debt documents.

*Example: DWSRF financing                    \$1,000,000*  
*USDA grant                            \$ 500,000*  
*Applicant Agency portion \$ 250,000*

#### 4. Active Service Connections

If active water service connections are currently and directly served by the water system, enter the following for each applicable connection type:

- ✓ Number of active water service connections that are currently and directly served by the water system
- ✓ Projected average monthly service charge that will be in place after the proposed project is completed (This item is not applicable if the applicant is eligible for 100% percent principal forgiveness funding)
- ✓ Average monthly billing for the last 12 months

**Rate increase effective date for projected monthly service charges** – Enter the date that the projected monthly service charges will go into effect (if unknown, assume one year after replacement completion in the case of an application for LSL replacement).

#### 5. Discussion of Material Events, Material Obligation Conditions, and Any Debt Limit

Identify any current, prior, or pending material events such as bankruptcy, defaults, litigation, grand jury findings, unscheduled draws on reserve funds, substitution of insurers or their failure to perform, unscheduled draws on credit enhancements, actions taken in anticipation of filing Chapter 9, rating changes, relevant conditions in material obligations, and any local debt limit.

#### 6. Water Rate Study

Indicate whether a water rate study has ever been performed on your water system as well as the date of the study and subsequent findings. If you respond yes, please submit a complete copy of the most recent Water Rate Study.

### ATTACHMENTS

**F1 – Audited Financial Statements:** Provide complete audited financial statements for the most-recent three fiscal years. If the applicant is not required to complete audited financial statements, the applicant should provide the three most-recent years of Federal and State tax returns. Please note: If the Applicant has multiple enterprise funds, but the funds are not separated in the Audited Financial Statements, the applicant will need to submit Balance Sheets, Income Statements, and Statement of Cash Flows for the enterprise fund pledged for the project (three most-recent years) in addition to the Audited Financial Statements. The applicant may be asked to separate the pledged fund in future audited financial statements to ensure the pledged fund continues to meet and maintain required program debt service requirements and Operations and Maintenance. Identify any restricted funds and the reason for the restrictions as well as all sources of security to be pledged. If using real property, provide at least two appraisals of the value, how the value was determined, and whether the property is currently pledged as security on any other debt.

**F2 – Budget Projections (Revenue/Expense):** Provide projections for at least the next two fiscal years. This item is not required for inventory projects if the applicant is eligible for 100% percent principal forgiveness funding.

### Sample of Projections

Operating Revenue	Projections 2023/24	Projections 2024/25
Water Sales	\$2,552,866	\$2,680,509
Utility Billing Charges	\$830,000	\$871,500
Water Discharge Fee	\$15,000	\$15,750
Connection Fees	\$475,000	\$498,750
Other Income	\$25,000	\$26,250
<b>Other Non-Operating Revenue</b>		
Interest Income	\$7,000	\$7,350
Property Tax	\$1,200,300	\$1,260,315
Other Misc. Income	\$2,000	\$2,100
<b>Total Revenue</b>	<b>\$5,107,166</b>	<b>\$5,362,524</b>
<b>Operating Expenses</b>		
Salaries	\$1,500,000	\$1,575,000
Water Purchases	\$1,200,000	\$1,260,000
Operating Supplies	\$500,000	\$525,000
Repair and Maintenance	\$78,000	\$81,900
Professional Fees	\$30,000	\$31,500
Legal	\$20,000	\$21,000
Lease/Rents	\$950,000	\$997,500
Utility Billing Service	\$300,000	\$315,000
<b>Total Operating Expenses</b>	<b>\$4,578,000</b>	<b>\$4,806,900</b>
<b>Net Revenue</b>	<b>\$529,166</b>	<b>\$555,624</b>
Existing Debt Service	\$93,000	\$93,000
<b>Total Net Revenue after Debt Service</b>	<b>\$436,166</b>	<b>\$462,624</b>

**F3a – Authorizing Resolution/Ordinance (for use by publicly owned entities):** This resolution or ordinance designates the Authorized Representative(s) for the project, who will have the authority to sign and submit the DWSRF application materials, certify compliance with applicable state and federal laws, execute the financial assistance agreement and amendments, and certify disbursement requests.

- ❖ To minimize the potential for problems, use the exact language in the template resolution.
- ❖ Enter the title of the Authorized Representative, NOT a person’s name.
- ❖ Do not modify the words financing or financial assistance to other terms such as “loan”, “grant”, or “principal forgiveness”. Use of these terms will create legal complications; the terms “financing” and “financial assistance” are broad enough to be applicable to all of the above.

**F3b – Corporate Resolution to Apply, Borrow and Grant Security (for use by private applicants):** This resolution designates the Authorized Representative(s) for the project, who will have the authority to sign and submit the DWSRF application materials, certify compliance with applicable state and federal laws, execute the financial assistance agreement and amendments, certify disbursement requests, grant security interest, and authorize State Water Resources Control Board to perform any acts necessary to perfect security.

- ❖ To minimize the potential for problems, use the exact language in the template resolution.
- ❖ Enter the title of the Authorized Representative, NOT a person’s name.

**F3c – Other Entity Type:** If you are a limited partnership, general partnership, trust, or sole proprietor please contact the Division of Financial Assistance for guidance on the documentation required for designating an Authorized Representative.

**F4 – Rate Adoption Resolution, Copy of Rates, and Public Notice of Proposition 218 Meeting:** Attach a copy of the most recent board resolution, ordinance, or similar document which approved the rates currently in place, a copy of the rates, and a copy of the Proposition 218 public meeting notice.

**F5 – Schedule of System Obligations and Debt Document Copies:** Submit a schedule of all material debt secured by the Pledged Revenues and Fund(s), along with a copy of each relevant debt document (e.g., loans, private placements, bond indentures, installment sale agreements, etc.). If there are any pending debts, provide draft or estimated information. This schedule will be an exhibit to the DWSRF financing agreement and will rank related debt according to priority in relation to the proposed DWSRF debt (Senior, Parity, or Subordinate tier). If the applicant has no other debt (except other DWSRF debt), the Authorized Representative must provide a letter stating this. In most cases, the DWSRF debt will be on parity with related debt.

**F6 – Debt Management Policy:** Applicant needs to submit a copy of their debt management policy. Guidance on Complying with SB 1029 Release Date: December 28, 2016-  
<http://www.treasurer.ca.gov/cdiac/sb1029/guidance.pdf> This item is not applicable if the applicant is eligible for 100% percent principal forgiveness funding.

**F7 – New Special Tax, Assessment District, or service charge projections:** If applicable, provide budget projections based on proposed taxes, fees, charges or assessments (*No template exists*). Label the projections as Attachment F7.

**F8 – Relevant Service, Management, Operating, or Joint Powers Agreements:** If applicable, provide a copy of any relevant, service, management, operating or joint powers agreements and any amendments (*No template exists*). Label the agreement as Attachment F8.

**F9 – District Certification of Interim Report (*For School Districts Only*):** School Districts should provide a complete copy of their most-recent District Certification of Interim Report, including the signed Criteria and Standards Review Section.

# LEAD SERVICE LINE FINANCIAL PACKAGE

INVENTORY (PLANNING)       REPLACEMENT (CONSTRUCTION)

<b>Applicant (Entity) Legal Name:</b>	
<b>Pledged Revenues And Fund(s) For The Project:</b>	
<b>Project Name:</b>	
<b>Contact Person:</b>	<b>Phone: (    )</b>

**1. Amount of Assistance Requested: \$**

**2. Term Requested ( N/A):**

Inventory:     5-Year       10-Year

Replacement:  20-Year       30-Year

**3. Other Project Funding Sources**

Name and Type of Funding Sources	Amount	Applied	Approved	Received
	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	\$	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**4. Active Service Connections**

Service Connection Type	Number of Service Connections	Average Monthly Billing (Last 12 months) Per Connection (If applicable)
Residential		
Commercial		
Industrial		
Other		
<b>TOTAL</b>		

**Rate increase effective date for projected monthly service charges:**

**5. Discussion of Material Events, Material Obligation Conditions, and Any Debt Limit**

Identify any current prior material events such as bankruptcy, defaults, litigation, grand jury findings, unscheduled draws on reserve funds, substitution of insurers or their failure to perform, unscheduled draws on credit enhancements, actions taken in anticipation of filing Chapter 9, rating changes, relevant conditions in material obligations, and any local debt limit.

## 6. Rate Study

Has a rate study been conducted for your system?  Yes  No

If **yes**, please submit a complete copy of the most recent Rate Study.

### ATTACHMENTS (Check the box next to each item attached to your application.)

- F1 – AUDITED FINANCIAL STATEMENTS OR TAX RETURNS (3 Years)**
- F2 – BUDGET PROJECTIONS (REVENUE/EXPENSE) (2 years – or more if needed)  
(See Sample in Application Instructions) (If Applicable)**
- F3a – AUTHORIZING RESOLUTION**
- F3b – CORPORATE RESOLUTION**
- F3c – OTHER ENTITY TYPE**
- F4 – RATE ADOPTION RESOLUTION, COPY OF RATES, AND PUBLIC NOTICE OF  
PROPOSITION 218 MEETING**
- F5 – SCHEDULE OF ALL MATERIAL DEBT OR NO DEBT LETTER  
(See Application Instructions)**
- F6 – DEBT MANAGEMENT POLICY (If Applicable)**
- F7 – NEW SPECIAL TAX, ASSESSMENT DISTRICT, OR SERVICE CHARGE  
PROJECTIONS (If Applicable)**
- F8 – RELEVANT SERVICE, MANAGEMENT, OPERATING, OR JOINT POWERS  
AGREEMENTS (If Applicable)**
- F9 – SCHOOL DISTRICT CERTIFICATION OF INTERIM REPORT (If Applicable)**

## AUTHORIZING RESOLUTION/ORDINANCE

RESOLUTION NO: \_\_\_\_\_

WHEREAS \_\_\_\_\_  
(insert appropriate findings)

RESOLVED BY THE \_\_\_\_\_ OF THE  
(insert name of Governing Board of the Entity)  
\_\_\_\_\_ (the "Entity"), AS FOLLOWS:  
(insert Entity name)

The \_\_\_\_\_ (the "Authorized Representative") or designee is  
(insert Title of Authorized Representative)  
hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance  
Application for a financing agreement from the State Water Resources Control Board for the planning, design,  
and construction of \_\_\_\_\_ (the "Project").  
(insert Project Name)

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications,  
and commitments required for the financial assistance application, including executing a financial assistance  
agreement from the State Water Resources Control Board and any amendments or changes thereto.

The Authorized Representative, or his/her designee, is designated to represent the Entity in carrying out the  
Entity's responsibilities under the financing agreement, including certifying disbursement requests on behalf of  
the Entity and compliance with applicable state and federal laws.

## CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted  
at a meeting of the \_\_\_\_\_ held  
(insert name of Governing Board of the Entity)  
on \_\_\_\_\_.  
(Date)

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(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)

**SAMPLE  
CORPORATE RESOLUTION  
TO APPLY, BORROW AND TO GRANT SECURITY**

I, \_\_\_\_\_, do hereby certify that I am the duly elected and qualified Secretary and the keeper of the records and corporate seal of \_\_\_\_\_, a corporation organized and existing under the laws of the State of California (the "Corporation"), and that the following is a true and correct copy of certain resolutions duly adopted by the Board of Directors thereof, in accordance with law and the by-laws of the Corporation, and that such resolutions are now in full force and effect, unamended, unaltered and unrepealed:

WHEREAS, the Corporation seeks financing from the State Water Resources Control Board under the Drinking Water State Revolving Fund ("DWSRF") for a project commonly known as \_\_\_\_\_ ("Project");

WHEREAS, the Board of Directors adopted a Project budget; and

WHEREAS, prior to the State Water Resources Control Board executing a financing agreement, the Board of Directors is required to establish a dedicated source of revenue to repay the DWSRF loan and authorizing an officer to execute all financing agreements, amendments, certifications, and claims for reimbursement.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the \_\_\_\_\_ ("the Authorized Representative") is  
*(insert title of Authorized Representative)*  
hereby authorized to sign and file, for and on behalf of the Corporation, an application for financial assistance from the State Water Board for the planning, design, and/or construction of the Project;

BE IT FURTHER RESOLVED AND ORDERED, that the Authorized Representative is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto;

BE IT FURTHER RESOLVED AND ORDERED, that the Authorized Representative is hereby authorized to incur Indebtedness not to exceed \$\_\_\_\_\_ pursuant to the DWSRF financing agreement (The term "Indebtedness" as used herein means all debts, obligations and liabilities, currently existing or now or hereafter made, incurred or created in connection with the financing);

BE IT FURTHER RESOLVED AND ORDERED, that the Authorized Representative is hereby authorized to grant security interests in, pledge, assign, transfer, endorse, mortgage or otherwise hypothecate to the State Water Resources Control Board, and execute security or pledge agreements, financial statements and other security interest perfection documentation, mortgages and deeds of trust on, and give trust receipts for, any or all property or assets of the Corporation as may be agreed upon by the Authorized Representative, or his/her designee, as collateral security for any or all of the Indebtedness, and to grant and execute renewals, extensions or modifications thereof, and to authorize the State Water Resources Control Board to perform any act necessary to perfect security, including but not limited to filing a Uniform Commercial Code (UCC-1) lien with the Secretary of State;

BE IT FURTHER RESOLVED AND ORDERED, that the Authorized Representative is authorized to represent the Corporation in carrying out the Corporation's responsibilities under



the financing agreement, including certifying disbursement requests on behalf of the Corporation and compliance with applicable state and federal laws;

BE IT FURTHER RESOLVED, that the Secretary or any other officer of this Corporation is authorized to certify to the State Water Resources Control Board a copy of these resolutions and the name and signature of the Authorized Representative hereby authorized to act hereunder, and the State Water Resources Control Board is hereby authorized to rely upon such certificate until formally advised by a like certificate of any change therein, and is hereby authorized to rely on any such additional certificates; and

BE IT FURTHER RESOLVED AND ORDERED, the authority granted hereunder shall be deemed retroactive. All acts authorized hereunder and performed prior to the date of this Resolution are hereby ratified and affirmed. The State Water Resources Control Board is authorized to rely upon this Resolution until written notice to the contrary, executed by each of the undersigned, is received by the State Water Resources Control Board. The State Water Resources Control Board shall be entitled to act in reliance upon the matters contained herein, notwithstanding anything to the contrary contained in the formation documents of the \_\_\_\_\_ or in any other document.  
*(Applicant entity's legal name)*

I FURTHER CERTIFY THAT the following person has been appointed or elected and is now acting as officer or employee of the Corporation in the capacity set beside his name:

\_\_\_\_\_ (Print Name) \_\_\_\_\_ (Date) \_\_\_\_\_ (Signature)

IN WITNESS WHEREOF, I have subscribed my name as Secretary as of \_\_\_\_\_, 20\_\_\_\_.  
*(Date)*

\_\_\_\_\_  
Secretary

\_\_\_\_\_, a California corporation

## SCHEDULE OF SYSTEM OBLIGATIONS

Except for the following and the Obligation evidenced by this Agreement, the Recipient certifies that it has no outstanding System Obligations and that it is in compliance with all applicable additional debt provisions of the following:

**The following related debts are senior to the proposed DWSRF financing:**

Name of Lender and Title of Debt or Loan Number	Debt Security or Source of Revenue	Debt Service Coverage Requirement	Original Debt Amount	Current Balance	Payment Amount	Interest Rate	Debt Term & Maturity Date
			\$	\$	\$		/
			\$	\$	\$		/
			\$	\$	\$		/

**The following related debts are on parity to the proposed Financing Agreement:**

Name of Lender and Title of Debt or Loan Number	Debt Security or Source of Revenue	Debt Service Coverage Requirement	Original Debt Amount	Current Balance	Payment Amount	Interest Rate	Debt Term & Maturity Date
			\$	\$	\$		/
			\$	\$	\$		/
			\$	\$	\$		/
			\$	\$	\$		/
			\$	\$	\$		/

**The following related debts are subordinate to the proposed Financing Agreement:**

Name of Lender and Title of Debt or Loan Number	Debt Security or Source of Revenue	Debt Service Coverage Requirement	Original Debt Amount	Current Balance	Payment Amount	Interest Rate	Debt Term & Maturity Date
			\$	\$	\$		/
			\$	\$	\$		/
			\$	\$	\$		/
			\$	\$	\$		/
			\$	\$	\$		/

**Attach copies of the debt documents associated with the above debts.**