

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2008-**

**ADDRESSING THE SECURITY OF
CLEAN WATER STATE REVOLVING FUND (CWSRF) FINANCING AGREEMENTS**

WHEREAS:

1. Californians have the authority to disapprove or reset wastewater service rates based on Proposition 218 and the Bighorn decision;
2. The majority of CWSRF financing agreements rely on wastewater service revenues for payment; and
3. The timely and full payment of financial assistance agreements greatly affects the operation and effectiveness of the CWSRF program.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board (State Water Board):

1. Accepts the staff recommendations to continue offering financial assistance to eligible applicants while simultaneously implementing additional measures to ensure the security of CWSRF payments;
- 2. Directs staff to closely monitor local rate setting and make the State Water Board aware of significant trends;**
- 3. Directs staff to include "bad debt outlook" as a standing topic for the CWSRF's Quarterly Finance/Audit Committee meetings;**
- 4. Directs staff to continue to develop security measures on individual finance agreements or additional policy changes in cooperation with the CWSRF Stakeholder Advisory Group; Division staff should also develop a systematic approach for evaluating the risk of default by each applicant;**
- 5. Authorizes the Division to contract with a professional financial advisor to provide additional financial expertise to the program;**
- 6. Directs staff to aggressively pursue, in conjunction with the Attorney General's Office, redress in the courts for any breach of contract;**
- 7. Directs staff to explore potential legislative solutions with stakeholder groups, both statutory and constitutional, to provide better protection for CWSRF agreements; and**

2.8. Directs staff to make the State Water Board aware of developments that signal a deterioration of CWSRF finances.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Board held on November 18, 2008.

Jeanine Townsend
Clerk to the Board