



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



Financial Security 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 financing.

Project Title – 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 funds. This amount should match the Amount of Assistance Requested in Section 1 of the General Information Package.

2. 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

3. Current Year Median Household Income: Determination by Division

Enter the estimated Median Household Income (MHI) for the proposed project service area, using the most recent income survey. If an income survey is not available, MHI estimates may be found at the Census Bureau website at <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml#none>. Enter “Median Household Income in the Past 12 Months” and the municipality name into the Quick Search box. If you cannot locate data for your community, you may contact the Division at DrinkingWaterSRF@waterboards.ca.gov for additional assistance. **MHI determinations are considered preliminary and will be finalized once the complete application is reviewed.**

4. Current Year Estimated Population Served

Enter the estimated population of the water system service area.

5. 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
- ✓ Average monthly billing for the last 12 months

Rate increase effective date for projected monthly service charges – Enter the estimated date that the projected monthly service charges will go into effect.

6. 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.

7. 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 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.

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 if the applicant is applying for 100% percent grant/principal forgiveness funding.

Sample of Projections

Operating Revenue	Projections 2020/21	Projections 2021/22
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
Other Non-Operating Revenue		
Interest Income	\$7,000	\$7,350
Property Tax	\$1,200,300	\$1,260,315
Other Misc. Income	\$2,000	\$2,100
Total Revenue	\$5,107,166	\$5,362,524

Operating Expenses		
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
Total Operating Expenses	\$4,578,000	\$4,806,900
Net Revenue	\$529,166	\$555,624
Existing Debt Service	\$93,000	\$93,000
Total Net Revenue after Debt Service	\$436,166	\$462,624

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 Related Debt 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 required if the applicant is applying for 100% percent grant/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 F9.

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 F10.

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.

FINANCIAL SECURITY PACKAGE (PLANNING)

Applicant (Entity) Legal Name:	
Pledged Revenues And Fund(s) For The Project:	
Project Title:	
Contact Person:	Phone:

1. Amount of Assistance Requested: \$

2. Other Project Funding Sources

Name and Type of Funding Sources	Amount	Applied	Approved	Received
	\$			
	\$			
	\$			

3. Current Year Median Household Income: \$

5a. Current Year Estimated Population Served:

5b. Current Year Estimated Number of Residences:

5c. Current Year Estimated Number of Permanently Occupied Residences:
(Only required if applying for grant funding/principal forgiveness)

6. Active Service Connections Not Applicable

Service Connection Type	Number of Service Connections	Average Monthly Billing (Last 12 months) Per Connection
Residential		\$
Commercial		\$
Industrial		\$
Other		\$
TOTAL		\$

Rate increase effective date for projected monthly service charges:

7. 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.

8. Rate Study

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

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

9. Debt Management Policy

Please provide a copy of your Debt Management Policy (If Applicable).

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

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

(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.