

**RESOLUTION NO. SCV-335**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SANTA CLARITA VALLEY WATER AGENCY  
TO DECLARE INTENT TO REIMBURSE CAPITAL EXPENDITURES  
FOR A GROUNDWATER TREATMENT PROJECT  
USING INCENTIVE GRANT AND LOAN FUNDS  
FROM THE STATE WATER RESOURCES CONTROL BOARD  
TO COMPLY WITH INTERNAL REVENUE SERVICE REGULATIONS**

**WHEREAS**, it is the intent of the State Water Resources Control Board (SWRCB) to promote consolidation where appropriate and feasible, especially for small community water systems (SCWS) serving severely disadvantaged communities (SDACs) and disadvantaged communities (DACs); and

**WHEREAS**, the SWRCB has determined that the Los Angeles Residential Community (LARC) is a SDAC and is eligible for grant funding to consolidate its water system with Santa Clarita Valley Water Agency (SCV Water or Agency) via a "Master Meter Consolidation," and

**WHEREAS**, the SWRCB has determined that the Royce Lily of the Valley LLC dba Lily of the Valley Mobile Village (LOV) is a DAC and is eligible for grant funding to consolidate its water system with SCV Water via a "Master Meter Consolidation," and

**WHEREAS**, LARC and LOV are located within the service boundary of SCV Water; however, SCV Water's infrastructure does not currently extend to the LARC or LOV properties; and

**WHEREAS**, the SWRCB issued an Agreement for a Drinking Water Construction Grant and Loan, AGREEMENT NO. SWRCB0000000000D2002059, by and between SCV Water and the SWRCB to fund the Project (Agreement), and the Agreement has been duly executed pursuant to Resolution SCV-245; and

**WHEREAS**, the SWRCB offers incentive funding to encourage the consolidation of SCWS with public water systems (PWS), especially for SCWS that serve SDACs and DACs and are not currently served by a PWS; and these incentive funds are in addition to funding for the consolidation project(s); and

**WHEREAS**, because SCV Water has executed a Financing Agreement with the SWRCB to consolidate the LARC and LOV communities, which are not currently served by a PWS, via "Master Meter Consolidations," the SWRCB has informed SCV Water that it is eligible to receive incentive funds as follows: up to \$1.1 million in grant funds, and up to \$10 million in zero percent (0%) interest rate financing (Incentive Funding). The SWRCB has informed SCV Water that Incentive Funding may be used for one or more eligible construction project(s) chosen by SCV Water, e.g., groundwater contamination treatment projects (Incentive Project). In addition to this Incentive Funding, the SWRCB has informed SCV Water that Incentive Funding may be combined with other DWSRF financing options to fully fund an Incentive Project; and

**WHEREAS**, the SCV Water Agency Board of Directors adopted Resolution SCV-240 to apply for the Incentive Funding associated with the consolidation project(s) for Groundwater Treatment Projects; and

**WHEREAS**, in order to earmark Incentive Funds, the SWRCB required that SCV Water submit a DWSRF General Application before execution of the funding agreement for the associated consolidation project(s). SCV Water submitted the DWSRF General Application to the SWRCB for the Incentive Funding on June 30, 2021 prior to executing the funding agreement for the Master Meter Consolidation projects for LARC and LOV in February 2022 pursuant to Resolution SCV-245. The General Application requested up to \$24 million for groundwater contamination treatment projects needed to restore certain currently inactive water supply wells to active use; and

**WHEREAS**, SCV Water is preparing a Financial Assistance Application for a financing agreement with the SWRCB for the planning, design, and construction of groundwater treatment for the T7, U4, and U6 wells designated as Project 1 of the Incentive Funding program; and

**WHEREAS**, the SWRCB has informed SCV Water that it must submit a stand-alone Reimbursement Resolution for the portion of the Incentive Funding covered by SWRCB loans as part of the Financial Assistance Application; and

**WHEREAS**, SCV Water desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain treatment facilities, pipelines, and other infrastructure (the Project); and

**WHEREAS**, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys (Project Funds) provided by the State of California, acting by and through the SWCB; and

**WHEREAS**, the SWRCB may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

**WHEREAS**, prior to either the issuance of the Obligations or the approval by the SWRCB of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

**WHEREAS**, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

**NOW, THEREFORE, THE SANTA CLARITA VALLEY WATER AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:**

**SECTION 1.** The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the SWCB of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$15,136,104.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct, and this Agency so finds, determines, and represents.

AYES: Directors Armitage, Braunstein, Cooper, Gutzeit, Marks, Martin,  
Orzechowski and Petersen


NOES: None

ABSENT: Director Colley

  
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President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Santa Clarita Valley Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on March 7, 2023 the foregoing Resolution No. SCV-335 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: March 7, 2023

  
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Secretary



