

**RESOLUTION NO. SCV-08**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SANTA CLARITA VALLEY WATER AGENCY  
AUTHORIZING AN INTERFUND LOAN OF THE WHOLESALE WATER SYSTEM  
TO ITS VALENCIA WATER DIVISION IN CONNECTION WITH THE ISSUANCE  
OF THE UPPER SANTA CLARA VALLEY JOINT POWERS AUTHORITY  
2018A REVENUE BONDS**

**WHEREAS**, pursuant to Senate Bill 634 ("SB634") the Castaic Lake Water Agency ("CLWA") and Newhall County Water District, have been reorganized effective January 1, 2018 as the newly created Santa Clarita Valley Water Agency (the "Agency"); and

**WHEREAS**, pursuant to Section 4(j) of SB634, the Agency has until January 31, 2018 to finalize a plan of dissolution for the Valencia Water Company ("VWC"), 100% of the common stock of which is currently owned by the Agency, as the successor to CLWA; and

**WHEREAS**, in connection with the dissolution of VWC, certain notes previously issued by VWC (the "VWC Notes") will be required to be refinanced; and

**WHEREAS**, in order to meet the statutory time frame set forth in SB634, the Board of Directors of the former CLWA previously approved documents to refinance the VWC Notes in advance of the effective date of SB634; and

**WHEREAS**, upon dissolution of VWC, the Agency will account for the revenues and expenses related to the customers of the VWC as a separate enterprise fund (referred to herein as the "Valencia Water Division"); and

**WHEREAS**, the Agency has been advised by its municipal advisor that the most cost effective method of refinancing the VWC Notes is the execution and delivery by the Agency of an Installment Purchase Agreement (the "Installment Purchase Agreement") with the Upper Santa Clara Valley Joint Powers Authority (the "Authority"), pursuant to which the Agency will make installment payments from net revenues of its wholesale water division (the "Wholesale Water Division"), which installment payments will secure refunding revenue bonds to be issued by the Authority (the "Refunding Bonds"); and

**WHEREAS**, to assure compliance with Section 4(k) of SB634, the Agency desires to approve an interfund loan (referred to herein as the "Refinancing Interfund Loan") between the Agency's Wholesale Water Division and the Valencia Water Division pursuant to which the revenues of the Valencia Water Division will be applied to reimburse the Agency's Wholesale Water Division amounts equal to debt service on the Refunding Bonds;

**NOW, THEREFORE**, the Board of Directors of the Santa Clarita Valley Water Agency hereby finds, determines, declares and resolves as follows:

**SECTION 1.** The Board hereby approves the Refinancing Interfund Loan from the Wholesale Water Division to the Valencia Water Division in an aggregate principal amount not to exceed the principal amount of the Refunding Bonds and authorizes the repayment of the Refinancing Interfund Loan to the Agency's Wholesale Water Division from revenues derived

from the Agency's Valencia Water Division. The Refinancing Interfund Loan shall become effective simultaneously with the issuance of the Refunding Bonds by the Authority. The Refinancing Interfund Loan shall be payable at such times and in such principal and interest amounts equal to the installment payments to be made by the Agency under the Installment Purchase Agreement executed and delivered in connection with the issuance of the Refunding Bonds. Notwithstanding the foregoing, the Board hereby authorizes the General Manager or an Assistant General Manager of the Agency to modify the principal amount, interest rate, term and such other provisions of the Refinancing Interfund Loan as such officer determines is necessary to comply with applicable law, including, but not limited to, SB634.

A draft payment schedule for the Refinancing Interfund Loan is attached hereto as Exhibit A. The General Manager or an Assistant General Manager is authorized to substitute a final payment schedule in Exhibit A after the sale and closing of the Refunding Bonds.

**SECTION 2.** The General Manager and Assistant General Managers of the Agency and their designees, in consultation with General Counsel, are each hereby authorized to take all actions as they deem necessary to comply with the provisions of this resolution.

**SECTION 3.** This resolution shall take effect immediately.

  
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 January 9, 2018, the foregoing Resolution No. SCV-08 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: January 9, 2018

  
Secretary

