

HEBER PUBLIC UTILITY DISTRICT

REPORT TO BOARD OF DIRECTORS

MEETING DATE: March 19, 2015

FROM: Laura Fischer, General Manager

SUBJECT: Adopt Resolution 2015-2 Adopting a Reimbursement Resolution for the Financial Assistance Application Submitted to the State Water Resources Control Board.

ISSUE:

Shall the Board of Directors adopt Resolution 2015-2 adopting a reimbursement resolution for the financial application to the State Water Resources Control Board?

GENERAL MANAGER'S RECOMMENDATION:

It is recommended that the Board of Directors adopt Resolution 2015-2 adopting a reimbursement resolution for the finance agreement with State Water Resources Control Board.

FISCAL IMPACT:

Upon completion of the documentation and signing the needed financing documents the Heber Public Utility District may receive a \$3,000,000 grant and a \$2,700,000 loan. These numbers are estimates as the actual construction costs are not determined and the finance agreement has not be received by HPUD, however this the amount we applied for in 2013.

BACKGROUND:

Staff submitted the grant and loan application to the State Water Board and the application was deemed complete in July 2013. The State Water Board and the Water Resource Control Board merged and as a result our application was placed on hold and forgotten for over one year.

The application is now moving forward, but since we applied several new laws and funding requirements have been implemented. We now have a Project Manager assigned by the State Water Board, and he has informed us that we have to adopt these three Resolutions. Additionally, he has informed us that we must complete a project timeline, tax questionnaire, and provide new financial statements and budgets.

As soon as we have these documents completed we will submit them to the State Water Board and hope that this will move the finance agreement through to completion.

The Heber Public Utility District Engineer is busy working to get the construction documents updated and complete so that we can go out to bid as soon as the money is made available.

Senator Hueso's office has been following this project closely and they have contacted Mr. Robert Eagle with the State Water Board and have asked that he assist in moving the application through. We greatly appreciate all of Senator Hueso's assistance. The Senator's staff has suggested that once the application has been funded, the District host a reception at which time the Senator and representatives from the State Water Board can present HPUD Board Members with a "Check" for the project.

This event has been tentatively scheduled for either March 30th or April 1st. We only await the great news from the State Water Board that the application is complete and that they have authorized the funding.

DISCUSSION:

The adoption of Resolution 2015-2 allows the Heber Public Utility District to get reimbursed for expenditures made toward the water treatment plant improvement project prior to the completed finance agreement. For example, our engineering cost may be eligible for reimbursement from the project funds if this Resolution is adopted.

This is the same type of reimbursement agreement we had during the wastewater treatment plant improvement project where we were able to receive reimbursement for the engineering, planning and other cost expended in prior fiscal years.

CONCLUSION:

This Resolution is a requirement from the State Water Board in order to secure the Financing for the Water Treatment Plant Improvement Project.

ALTERNATIVES:

- 1) Do not adopt Resolution 2015-2, which will further delay the project.
- 2) Do not adopt Resolution 2015-2, but direct staff to make some changes to the language.
- 3) Provide alternate direction to staff regarding the Resolution 2015-2 and the possible reimbursement of expenditures made in preparation of the completed water treatment plant improvement project.

Respectfully Submitted,

Laura Fischer,
General Manager

Attachments: Resolution 2015-2

RESOLUTION NO. 2015-2

A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT ADOPTING A REIMBURSEMENT RESOLUTION FOR THE FINANCIAL ASSISTANCE APPLICATION SUBMITTED TO THE STATE WATER RESOURCES CONTROL BOARD (STATE WATER BOARD)

WHEREAS, the Heber Public Utility District "Agency" 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 State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board 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 State Water Board 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 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 State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$7,000,000.

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:

NOES:

ABSENT:

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Heber Public Utility District held on the 9th day of March, 2015.

Eduardo Valdez-Belmonte, Board President

APPROVE AS TO FORM:

Steven M. Walker, General Counsel

ATTEST:

I, Raquel R. Carrillo, Secretary to the Board of the Heber Public Utility District, County of Imperial, State of California, DO HEREBY CERTIFY that the foregoing resolution was dully passed, approved and adopted by the Board of Directors of the Heber Public Utility District at its regularly scheduled meeting held on the 19th of March 2015.

Raquel Carrillo, Secretary of the Heber Public Utility District