

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
APRIL 21, 2015**

ITEM 4

SUBJECT

CONSIDERATION OF A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OR DESIGNEE TO EXECUTE A SERVICE CONTRACT FOR A FINANCIAL ADVISOR FOR THE CLEAN WATER STATE REVOLVING FUND (CWSRF) AND THE DRINKING WATER STATE REVOLVING FUND (DWSRF) (COLLECTIVELY, SRF)

DISCUSSION

Through the SRF programs, the State Water Resources Control Board (State Water Board) provides low-interest financing to public wastewater and drinking water systems for planning and construction of related projects throughout California. Both programs are capitalized by a handful of funding sources, including annual grants (capitalization grants) from the United States Environmental Protection Agency (U.S. EPA) and returning principal and interest from repayments.

The SRF programs are currently experiencing a substantial demand from potential borrowers that may exceed each program's lending capacity, and the State Water Board may need to leverage either or both of the SRFs to meet these demands.

In [Resolution No. 2005-0064](#), the State Water Board authorized the Division of Financial Assistance (Division) to continue coordination with a financial team, including a financial advisor, to evaluate and pursue the issuance of up to \$300 million in CWSRF revenue bonds. In [Resolution No. 2012-0025](#), the State Water Board reauthorized the foregoing issuance. Pursuant to the foregoing authority, the Division released a Request for Proposals (RFP) from qualified financial advisors.

A financial advisor would assist the Division with leveraging the SRFs and also help ensure that each fund remains financially healthy by modeling and advising the Division on bond market strategies and financial forecasts.

On January 14, 2015, the Division received a single proposal in response to RFP No. 14-019-550 from Public Financial Management, Inc. The Division evaluated the proposal and determined it to be responsible, meeting all of the criteria of the RFP.

In order to approve the State Water Board's contract with a financial advisor, the Department of General Services requires that the State Water Board provide a resolution authorizing execution by its signatory of such a contract.

The Division recommends that the Board approve the proposed resolution authorizing the Executive Director or designee to execute a contract with a financial advisor.

POLICY ISSUE

Should the State Water Board authorize the Executive Director or designee to execute a contract for a financial advisor?

FISCAL IMPACT

The contract will be funded by the SRF's administration funds. The contract is not to exceed \$500,000.

REGIONAL BOARD/DISTRICT OFFICE IMPACT

Leveraging the State Revolving Funds allows wastewater and drinking water systems access to affordable financing for infrastructure projects designed to improve water quality, public health, or both. This will allow many systems to achieve or maintain compliance with Regional Board or District Office requirements.

STAFF RECOMMENDATION

The State Water Board should authorize execution by the Executive Director or his designee of a contract for a financial advisor for the SRF Programs.

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2015-

AUTHORIZING THE EXECUTIVE DIRECTOR OR DESIGNEE TO EXECUTE A SERVICE CONTRACT FOR A FINANCIAL ADVISOR FOR THE CLEAN WATER STATE REVOLVING FUND (CWSRF) AND THE DRINKING WATER STATE REVOLVING FUND (DWSRF) (COLLECTIVELY, SRF)

WHEREAS:

1. Through the SRF programs, the State Water Resources Control Board (State Water Board) provides low-interest financing to public wastewater and drinking water systems for planning and construction of related projects throughout California. Both programs are capitalized by a handful of funding sources, including annual grants (capitalization grants) from the United States Environmental Protection Agency (U.S. EPA) and returning principal and interest from repayments.
2. The SRF programs are currently experiencing a substantial demand from potential borrowers that may exceed each program's lending capacity, and the State Water Board may need to leverage either or both of the SRFs to meet these demands.
3. In [Resolution No. 2005-0064](#), the State Water Board authorized the Division of Financial Assistance (Division) to continue coordination with a financial team, including a financial advisor, to evaluate and pursue the issuance of up to \$300 million in CWSRF revenue bonds.
4. In [Resolution No. 2012-0025](#), the State Water Board reauthorized the foregoing issuance.
5. Pursuant to the foregoing authority, the Division released a Request for Proposals (RFP) from qualified financial advisors.
6. A financial advisor would assist the Division with leveraging the SRFs and also help ensure that each fund remains financially healthy by modeling and advising the Division on bond market strategies and financial forecasts.
7. On January 14, 2015, the Division received a single proposal in response to RFP No. 14-019-550 from Public Financial Management, Inc.
8. The Division evaluated the proposal and determined it to be responsible, meeting all of the criteria of the RFP.
9. In order to approve the State Water Board's contract with a financial advisor, the Department of General Services requires that the State Water Board provide a resolution authorizing execution by its signatory of such a contract.

D R A F T

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Authorizes execution by the Executive Director or his designee of a contract with Public Financial Management, Inc. as a financial advisor for the SRF Programs.

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 Resources Control Board held on April 21, 2015.

Jeanine Townsend
Clerk to the Board