

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2012-0017**

APPROVE OF A CLEAN WATER STATE REVOLVING FUND (CWSRF) PRELIMINARY FUNDING COMMITMENT (PFC) FOR THE VALLEY CENTER MUNICIPAL WATER DISTRICT (DISTRICT), WOODS VALLEY RANCH WATER RECLAMATION FACILITY (WVRWRF) EXPANSION (PROJECT), CWSRF PROJECT NOS. C-06-7454-110, 7454-120, & 7454-130.

WHEREAS:

1. The State Water Resources Control Board (State Water Board), on March 17, 2009, adopted the amended "*Policy for Implementing the CWSRF for Construction of Wastewater Treatment Facilities*" (Policy);
2. The Project is a non-routine and non-controversial project that is not consistent with the policies, regulations, and agreements the State Water Board has adopted for implementation of the CWSRF Program;
3. The Project is listed on the CWSRF Program Priority List;
4. On March 26, 2012, the Division of Financial Assistance (Division) approved the Facilities Plan for the District's Project, and the District agreed with the Division's approval;
5. Water Code Section 5103, Statement of Diversion and Use, does not apply to the District;
6. An independent credit review was completed on June 7, 2011, followed by an updated internal credit analysis completed on January 27, 2012, recommending a credit limit of \$13,497,000 for the Project;
7. The District has submitted a draft dedicated source of revenue resolution that, when adopted, will dedicate the South Village service area annual assessment payments and the District's net revenues to generate at least 110 percent of the annual debt service for the repayment of the proposed CWSRF financing agreement;
8. The District has agreed to adopt the dedicated source of revenue resolution after the State Water Board approves this PFC and the Project participants approve the assessment district;
9. The District meets the definition of an Urban Water Supplier as defined in Water Code Section 10617. The District has prepared and submitted an Urban Water Management Plan to the Department of Water Resources (DWR) in accordance with Water Code Section 10644;
10. Water Code Section 10631.5 requires that DWR determine if an urban water supplier is implementing water-demand management measures described in Water Code Section 10631. The District submitted the required documentation to DWR on April 23, 2010, and requested that DWR make an eligibility determination. On April 26, 2010, DWR determined the District to be in compliance and therefore eligible to receive water management grant funds;

11. The District certified, on March 1, 2010, that it is in compliance with the water metering requirements of Water Code Division 1, Chapter 8, Article 3.5;
12. The District is the lead agency under the California Environmental Quality Act and prepared an Environmental Impact Report (EIR; State Clearinghouse No. 2007101049) for the South Village Wastewater Master Plan, which includes the Project and a larger Ultimate Service Area Expansion;
13. The District certified the final EIR, adopted a Mitigation Monitoring and Reporting Program and a Statement of Overriding Consideration for significant unavoidable agricultural impacts associated with the proposed West Site seasonal storage pond location for the Project, and approved the Project on April 7, 2008. The District filed a Notice of Determination with the San Diego County Clerk and the Governor's Office of Planning and Research on April 10, 2008;
14. The District prepared an addendum to the EIR to address Project changes and provide updates to the South Village Master Plan Report. The Project changes include relocating the seasonal storage pond on two parcels along Charlan Road and modifying the treatment process configuration. The District determined that the Charlan Road seasonal storage pond will not result in any significant unavoidable environmental impacts, and thus, the Statement of Overriding Conditions is not applicable to the Project. No new significant environmental impacts were identified;
15. The District certified the addendum to the EIR and approved the revised Project and the South Village Master Plan Report update on January 18, 2011, and filed a Notice of Determination with the San Diego County Clerk on January 20, 2011, and the Office of Planning and Research on January 24, 2011;
16. The EIR, the addendum to the EIR, and the supporting documents submitted by the District provided an adequate disclosure of the environmental relationships of all water quality aspects of the Project. The Project will not have any significant additional adverse water quality impacts; and
17. The District has agreed to implement the specified mitigation measures and obtain the necessary permits and approvals related to those mitigation measures.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves a PFC for the District's Project prior to a dedicated source of revenue resolution with the condition that disbursement of funds will not be made until after the source of repayment is dedicated and the Division staff has determined that the source is adequate;
2. Clarifies that the purchase of capacity at the WVRWRF from the developer is an eligible buy-in cost, in accordance with Section IX.G.1(n), and should not be considered refinancing;

3. Approves a CWSRF financing agreement amount of \$13,497,000 for the proposed Project, including a 20-year repayment period at an interest rate of one half the general obligation bond rate obtained by the State Treasurers Office as of the date of the PFC, with the first repayment due one year after completion of construction; and
4. Conditions this approval by withdrawing the CWSRF PFC if the District does not sign the initial agreement by January 30, 2013, in accordance with Section IX (K) of the Policy and allow Division staff the discretion to approve up to a 120-day extension for good cause.

CERTIFICATION

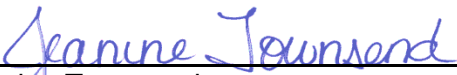
The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on May 15, 2012.

AYE: Chairman Charles R. Hoppin
Vice Chair Frances Spivy-Weber
Board Member Tam M. Doduc

NAY: None

ABSENT: None

ABSTAIN: None



Jeanine Townsend
Clerk to the Board