

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2011-0018**

AUTHORIZING A PRELIMINARY FUNDING COMMITMENT FROM THE CLEAN WATER STATE REVOLVING FUND (CWSRF) TO THE CITY OF REDDING FOR THE CLEAR CREEK WASTEWATER TREATMENT PLANT EXPANSION AND UPGRADE PROJECT (PROJECT) CWSRF PROJECT NOS. C-06-4971-230, C-06-4971-240, AND C-06-4971-260.

WHEREAS:

1. The State Water Resources Control Board (State Water Board), on February 16, 1995, adopted the "*Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities*," (Policy) and amended it on March 17, 2009;
2. The State Water Board, on June 15, 2010, adopted the state fiscal year 2010/2011 CWSRF Program Priority List which included the City's Project in Priority Class D;
3. The Division of Financial Assistance (Division) approved the Facility Plan for the City's Project on May 20, 2008, and the City agreed with the approval on June 3, 2008;
4. The Division issued a Final Plan and Specification approval for Bid Package 4 on July 7, 2008;
5. The Division issued an Approval of Award for Bid Package 4 on August 11, 2008;
6. The City adopted an Initial Study/Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on May 1, 2007, and circulated it through the State Clearinghouse No. 2007012119 with the Governor's Office of Planning and Research (OPR) and the Shasta County Clerk on May 3, 2007;
7. The City prepared and filed an Addendum (for minor changes to the Project) with the OPR on November 1, 2010;
8. The Project will not result in any significant adverse water quality impacts. Special conditions will be added to the City's CWSRF financing agreements to address compliance with Section 7 of the federal Endangered Species Act and the Magnuson-Stevens Fishery Conservation and Management Act;
9. As determined by the City's credit review, the financing agreement is subject to the following items;
 - The financing agreement shall be secured on parity with the outstanding 2002 Series A Refunding Sewer Revenue Bonds;
 - The City shall establish a reserve fund equal to one year's debt service for each financing agreement upon execution of the financing agreement for the Project;
 - The City shall covenant to establish rates and charges in amounts sufficient to generate net revenues equal to at least 1.20 times the total annual debt service;

- The Recipient may not incur future senior debt. Recipient future debt may be on parity with existing CWSRF debts if policy conditions are met. (Policy Section X, G1); and
- The City's financing agreements shall be limited to a combined maximum of \$60 million, including this PFC, unless new information supporting the credit review changes and a supplemental credit review is performed

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves a CWSRF financing agreement with \$3,000,000 in principal forgiveness for the proposed Project, with a repayment period of 20-years, and the first repayment due one year after completion of construction;
2. Waives the Policy requirement that construction cost eligibility begins at the date of PFC, and instead establishes cost eligibility as July 7, 2008 for Bid Package No. 4.
3. Conditions this approval by withdrawing the CWSRF funding if the City does not issue notice-to-proceed with construction for Project Bid Packages 5 and 7 on or before June 30, 2011, and June 30 2012, respectively, and in accordance with Section IX (K) of the Policy, allow Division staff the discretion to approve up to a 120-day extension of this PFC expiration date for good cause for each Bid Package;
4. Conditions this approval by withdrawing the CWSRF PFC if the City does not sign the CWSRF financing agreements for the Project by August 30, 2011, and August 30, 2012, respectively, and in accordance with Section IX (K) of the Policy, allow Division staff the discretion to approve up to a 120-day extension of this PFC expiration date for good cause for each Bid Package;
5. Conditions this approval, as determined by the City's credit review, with the following:
 - a. The financing agreements shall be secured on parity with the outstanding 2002 Series A Refunding Sewer Revenue Bonds;
 - b. The City shall establish a reserve fund equal to one year's debt service for each financing agreement upon execution of the financing agreement for the Project;
 - c. The City shall covenant to establish rates and charges in amounts sufficient to generate net revenues equal to at least 1.20 times the total annual debt service;
 - d. The Recipient may not incur future senior debt. Recipient future debt may be on parity with existing CWSRF debts if policy conditions are met. (Policy Section X, G1); and

- e. The City's financing agreements shall be limited to a combined maximum of \$60 million, including this PFC, unless new information supporting the credit review changes and a supplemental credit review is performed.

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 Board held on April 19, 2011.

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