

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2011-0059**

AUTHORIZING AMENDMENTS TO THE FINANCING AGREEMENTS FOR THE
COUNTY OF SAN LUIS OBISPO (COUNTY) LOS OSOS WASTEWATER CLEAN WATER
STATE REVOLVING FUND (CWSRF) PROJECT NO. 5230 (PROJECT)

WHEREAS:

1. The State Water Resources Control Board (State Water Board) adopted the “*Policy for Implementing the CWSRF for Construction of Wastewater Treatment Facilities*” (Policy) and most recently amended it on March 17, 2009;
2. The State Water Board adopted [Resolution No. 2011-0009](#) on March 1, 2011, to authorize funding from the CWSRF to the County Of San Luis Obispo (County) Los Osos Wastewater Project, CWSRF Project No. C-06-5230 (Project).
3. The terms of the funding were an interest rate of 2.6 percent and 30 year repayment period, pursuant to the Policy;
4. The County and the State Water Board accordingly executed two financing agreements for this Project on June 30, 2011;
5. In the March 1, 2011, Board meeting, the County had requested the State Water Board to consider a lower interest rate for the duration that the County operated and maintained the Project to assist in addressing affordability, as the monthly sewer charge is estimated to be more than 4 percent of the community’s median household income;
6. At that meeting, the State Water Board indicated a desire that the County continue to manage, operate and maintain the Project for as long as possible, and at least for the term of the CWSRF financing agreements;
7. To address these concerns, and other concerns related to the Project, the State Water Board included language in Resolution No. 2011-0009, stating that it would consider reducing the interest rate on the CWSRF financing for the Project in conjunction with how long the County operated the Project and that prior to any such interest rate reduction, the County was to submit a report updating cost estimates, user service charges, and projected on-lot costs;
8. Conditions reflecting the foregoing concerns and requirements were included in the CWSRF financing agreements for the Project executed by the County on June 30, 2011;
9. The County has submitted the required report;
10. The report demonstrates the County’s various affordability thresholds for the Project;
and
11. A reduced interest rate of 2 percent falls within one of the County’s demonstrated affordability thresholds.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves a reduction from the existing interest rate of 2.6 percent to an interest rate of 2 percent on the financing agreements for the Project;
2. Makes such a reduction non-transferable, should the County seek to transfer or assign its responsibilities or obligations under the Project financing agreements;
3. Authorizes the Deputy Director of the Division of Financial Assistance to execute amendments to the financing agreements for the Project to reflect this reduced interest rate; and
4. Requires the Deputy Director of the Division of Financial Assistance to include special condition language in any such amendment to the financing agreements such that the interest rate shall automatically revert to 2.6% on the remaining principal balance should the County seek to transfer or assign its responsibilities or obligations under the financing agreements to the Los Osos Community Services District or another entity.

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 December 5, 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