

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2009-0075**

**CLARIFYING THE PROHIBITION ON FUTURE SENIOR DEBT IN THE POLICY FOR
IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR
CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (POLICY)**

WHEREAS:

1. The Policy prohibits borrowers from entering into future debt senior to a CWSRF obligation;
2. The Policy's prohibition on future debt prohibits recipients from refinancing existing senior debt to take advantage of lower interest rates; and
3. Allowing recipients to reduce their debt service strengthens their financial position, and therefore increases the security of the CWSRF obligation because they have additional available net revenues.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

Approves the clarification of Section X.G.1 of the Policy to allow refunding of senior debt provided the following conditions are met:

- a. The new senior debt shall refund or refinance existing senior debt.
- b. The new senior debt shall have the same or earlier repayment term as the refunded senior debt.
- c. The new senior debt service shall be lower than the existing debt service; and
- d. The future senior debt shall not diminish the Agency's ability to repay its CWSRF obligation(s).

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 October 20, 2009.

AYE: Chairman Charles R. Hoppin
 Vice Chair Frances Spivy-Weber
 Board Member Tam M. Doduc
 Board Member Arthur G. Baggett, Jr.
 Board Member Walter G. Pettit

NAY: None

ABSENT: None

ABSTAIN: None



Jeanine Townsend
Clerk to the Board