

ORDINANCE NUMBER O- 20023 (NEW SERIES)

DATE OF FINAL PASSAGE ~~_____~~ **FEB 16 2011**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING A STATE REVOLVING FUND
LOAN AND TAKING RELATED ACTIONS IN CONNECTION
WITH THE SEWER PIPELINE REHABILITATION PROJECT.

WHEREAS, the California State Water Resources Control Board has funding available under its low-interest State Revolving Fund [SRF] Loan Program for wastewater projects; and

WHEREAS, on November 13, 2008, by Resolution No. R-304316, the City Council authorized the Mayor or his representative to sign and submit applications for loans and other financial assistance from the State Water Resources Control Board for wastewater projects; and

WHEREAS, the City applied for a loan under the SRF Program for the Sewer Pipeline Rehabilitation Project, which consists primarily of existing sewer pipe identified as suitable for relining, as opposed to open trench replacement; and

WHEREAS, the City is eligible to receive \$80,000,000 in SRF financing for the project;
and

WHEREAS, as a condition of receiving the SRF loan, the State Water Resources Control Board requires the applicant to certify a source of revenue for repayment; and

WHEREAS, the dedicated source of revenue for repayment of this SRF loan will be the net system revenues of the wastewater enterprise fund, which is the same source of repayment for other outstanding parity and subordinate obligations of the wastewater system; and

WHEREAS, by Resolution No. R-301522 dated June 16, 2006, the City previously declared its official intent to reimburse itself for eligible capital expenditures on wastewater

projects from proceeds of future indebtedness pursuant to Treasury Regulation section 1.150-2;
NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. The Mayor or his designated representative is hereby authorized to negotiate and execute all documents necessary to secure a SRF loan for the Sewer Pipeline Rehabilitation Project, in an amount not to exceed \$80,000,000 and to comply with all SRF financing requirements for assistance from the State Water Resources Control Board.

Section 2. That the City hereby dedicates the net system revenues of the wastewater enterprise fund (as defined in the Master Installment Purchase Agreement between the City and the Public Facilities Financing Authority of the City of San Diego) as a source of revenue for payment for any and all SRF financing on the Sewer Pipeline Rehabilitation Project, and this dedicated source of revenue shall remain in effect throughout the term of such financing unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.

Section 3. The City intends and reasonably expects to reimburse Project costs incurred prior to the issuance of the SRF loan or approval by the State Water Resources Control Board of the Project funds.

Section 4. The reasonably expected maximum principal amount of the SRF loan is \$80,000,000.

Section 5. This ordinance is being adopted no later than sixty days after the date on which the City has expended or will expend funds for a portion of the Project costs to be reimbursed with SRF loan funds.

Section 6. Each City expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

Section 7. The City hereby removes Sewer Pipeline Rehabilitation Project Phases M-1 through Z-1 (14 Phases) from the scope of wastewater projects included in the declaration of official intent in Resolution No. R-301522, and warrants that no other tax-exempt obligations will be issued for reimbursement of these Project costs.

Section 8. This ordinance is adopted as the official intent of the City in order to comply with Treasury Regulation section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs incurred prior to the issuance of the SRF loan.

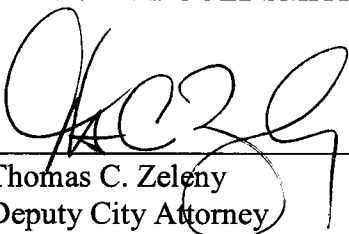
Section 9. All the recitals in this ordinance are true and correct and the City so finds, determines and represents.

Section 10. A full reading of this ordinance is dispensed with prior to passage, as a written copy was made available to the City Council and the public prior to the day of its passage.

Section 11. This ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By



Thomas C. Zeleny
Deputy City Attorney

TCZ:mb
12/21/10
C.Cert:N/A
Or.Dept:MWWD

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego,
at its meeting of FEB 08 2011.

ELIZABETH S. MALAND, City Clerk

By  Deputy City Clerk

Approved: 2-16-11
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor