

George A. Wheeldon - *President*  
Division 4

George W. Osborne - *Director*  
Division 1

Bill George - *Director*  
Division 3



## El Dorado Irrigation District

Public Comment  
CWSRF Policy - Amendment  
Deadline: 3/4/09 by 12 noon

John P. Fraser - *Vice President*  
Division 2

Harry J. Norris - *Director*  
Division 5

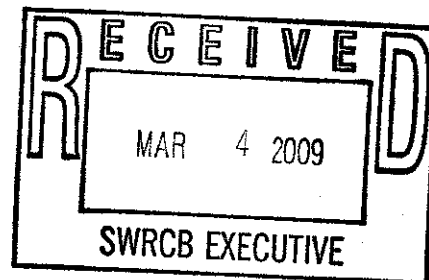
W. Thomas Gallier  
*General Manager*

Thomas D. Cumpston  
*General Counsel*

March 3, 2009

In reply refer to: F0309-4039

State Water Resources Control Board  
1001 "T" Street  
Sacramento, California 95814  
Attention: Ms. Jeanine Townsend, Clerk



Dear Board Members,

We appreciate the opportunity to comment on the draft "Policy for Implementing The Clean Water State Revolving Fund For Construction of Wastewater Treatment Facilities" dated March 2009 (the "Draft Policy").

Currently, the State Water Resources Control Board ("SWRCB") allows an applicant to subordinate the Clean Water State Revolving Fund ("CWSRF") loan to the applicant's existing and future debt under certain circumstances (typically based on ratings from national rating agencies and coverage levels). Sections VIII(C)(4) and Section X(G) of the Draft Policy, however, require the CWSRF loans to be superior or parity to all future debt of the applicant, in effect reversing existing policy with respect to payment priority.

The current flexibility in payment priority makes the CWSRF loan attractive to certain agencies, offsetting certain other CWSRF terms and conditions (such as the 20 year amortization period) which can have negative rate impacts on the applicants if the loan is required to be on the senior level. We would encourage the SWRCB to continue the current policy of allowing applicants to subordinate CWSRF loans to future debt with appropriate ratings and coverage requirements (such as those set forth in Section X(G)).

We consider these State loans to be a valuable source of funding for mandated capital improvements, especially since they are currently subordinate to our current and future debt. A policy change that does not allow us to subordinate these State loans to future debt would considerably hamper and complicate our ability to issue new debt making the State loans much less attractive.

Sincerely,

Mark T. Price, C.P.A., Chief Financial Officer

cc: El Dorado Irrigation District Board of Directors  
W. Thomas Gallier, General Manager  
Thomas D. Cumpston, General Counsel