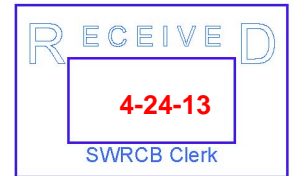




THE CITY OF SAN DIEGO



April 24, 2013

Ms. Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Street
Sacramento, CA 95814

Dear Ms. Townsend:

Subject: Written Comment Submittal for Proposed Amendments to the Clean Water State Revolving Fund Policy

The City of San Diego, Public Utilities staff reviewed the proposed *Policy for Implementing the Clean Water State Revolving Fund*. In our estimation, the proposed amendments, if implemented will improve efficiencies and organization of the application process and program management. Additionally, we have two comments that we would like to bring to the attention of the Board.

1. There is one area in the proposed policy that is a concern to the City: Page 22, Section "b" Reserve and Coverage, part ii. The proposed change is confusing and not consistent with traditional indenture requirements, in that it is requiring higher debt coverage for subordinate debt than that of senior debt. It does not address aggregate debt. We feel that the current policy is much clearer and addresses additional debt test in a more definitive manner. Individual interpretation of this proposed change could create problems with loan participants.

The City of San Diego Debt Management Department prepared the below comment:

"We have reviewed the suggested changes to the policy. It is our department's recommendation to not make these changes since having an aggregate debt service coverage ratio is more accurate and meaningful. A standalone higher coverage requirement for subordinate debt is very unusual."

2. Since the amendments will result in considerable modifications in the formatting of the various elements of the application process, it is suggested that the State Water Resources Control Board consider informational workshops. The workshops can serve to facilitate the transition of the changes in the loan program.

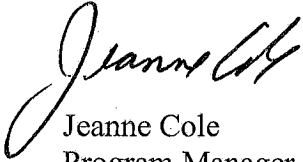


Public Utilities Department

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Should you have any questions or require further information, please contact Pamela Carreon at PCarreon@sandiego.gov or (858) 614-5753.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeanne Cole".

Jeanne Cole
Program Manager

RE/ab

cc: Wilson Kennedy, Supervising Management Analyst
Pamela Carreon, Senior Management Analyst
Robert Pontureri, SWRCB