

**CITY OF SAN MATEO**  
**RESOLUTION NO. \_\_\_\_ (2022)**

**RESOLUTION AUTHORIZING A CONSTRUCTION LOAN AGREEMENT WITH THE SAN MATEO-FOSTER CITY PUBLIC FINANCING AUTHORITY, THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT AND THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD AND A FINANCING AGREEMENT WITH THE SAN MATEO-FOSTER CITY PUBLIC FINANCING AUTHORITY IN CONNECTION WITH THE FINANCING OF THE CLEAN WATER PROGRAM, ESTABLISHING ONE OR MORE PLEDGED SOURCES OF REVENUE FOR REPAYMENT OF FUNDING, AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO**

WHEREAS, the City of San Mateo (the “City”) and the Estero Municipal Improvement District (the “District”) jointly own the San Mateo Wastewater Treatment Plant; and

WHEREAS, in response to Cease and Desist Order No. R2-2009-0020 issued by the California Regional Quality Control Board - San Francisco Bay Region, the City and the District created the Clean Water Program (the “Clean Water Program”) to implement capital improvement projects for the purpose of eliminating sanity sewer overflows and wet weather blending (collectively, the “Projects”); and

WHEREAS, the City prepared a Final Programmatic Environmental Impact Report for the Projects (“Final PEIR”) in accordance with the California Environmental Quality Act (“CEQA”) (SCH No. 2015032006), and the Final PEIR was certified by the City Council on June 6, 2016; and

WHEREAS, the Final PEIR was certified by the City Council on the City on June 6, 2016 and, in accordance with CEQA, the Final PEIR serves as the primary environmental compliance document for implementation of the CWP; and

WHEREAS, the City prepared Addenda to the Final PEIR that were approved on July 16, 2018 (Addendum 1) and April 15, 2019 (Addendum 2); and

WHEREAS, additional environmental review may be required for specific Projects as they move further into design and final location selection; and

WHEREAS, the City intends to finance the construction and/or reconstruction of a portion of the Projects with moneys (“Project Funds”) provided by the State of California, acting by and through the State Water Resources Control Board (the “State Water Board”); and

WHEREAS, the City previously adopted Resolution No. 69 authorizing an application for financial assistance to the State Water Board; and

WHEREAS, on July 18, 2016, the City Council (i) in its Resolution No. 73 (2016), declared its intention to reimburse expenditures for capital costs of the Clean Water Program from the proceeds of tax-exempt debt to be issued in the maximum principal amount of \$781,000,000 and (ii) in its Resolution No. 72 (2016), in the form required by the State Water Board, in order to comply with the rules governing applications to the Water Board for Clean Water State Revolving Fund financing, made a supplemental statement of intent that addressed a subset of the total Clean Water Program costs; and

WHEREAS, the City now desires to approve the following documents for the purpose of providing the terms relating to the distribution by the State Water Board and repayment by the Authority, the District and the City, as applicable, of the Project Funds: (i) a Construction Loan Agreement among the District, the City, the San Mateo-Foster City Public Financing Authority (the “Authority”) and the State Water Board (the “2022 Construction Loan Agreement”) and (ii) a Financing Agreement between the City and the Authority (the “2022 Financing Agreement”); and

WHEREAS, Section 603(d)(1)(C) of the Federal Clean Water Act Amendments requires each financing recipient to establish one or more pledged sources of revenue for Clean Water State Revolving Fund (“CWSRF”) financial assistance; and

WHEREAS, the City is not obligated to make any payments under the 2022 Construction Loan Agreement; and

WHEREAS, under the 2022 Financing Agreement, the Member Agency Payments (as defined in the 2022 Financing Agreement) payable by the City will be secured by a pledge of and payable from Net Revenues (as defined in the 2022 Financing Agreement) of the City’s Sewer Enterprise (as defined in the 2022 Financing Agreement), on a parity basis with the City’s obligation to make certain payments under the following agreements:

- i. 2014 City of San Mateo Sewer Revenue Bonds Series A, which were issued under the Second Amended and Restated Master Indenture dated July 1, 2014, between the City of San Mateo and the Bank of New York Mellon Trust Company, N.A. as successor Trustee.
- ii. Financing Agreement, dated as of May 1, 2019, relating to the Wastewater Revenue Bonds (Clean Water Program) between the San Mateo-Foster City Public Financing Authority and the City of San Mateo, dated May 1, 2019.
- iii. Financing Agreement between the San Mateo-Foster City Public Financing Authority and the City of San Mateo, dated as of November 5, 2020, relating to the San Mateo-Foster City Public Financing Authority 2020A Wastewater Revenue Bond (City WIFIA Loan).
- iv. Financing Agreement, between the San Mateo-Foster City Public Financing Authority and the City of San Mateo, dated as of December 17, 2020, relating to the San Mateo-Foster City Public Financing Authority San Mateo Basins 2 and 3 Collection System Improvements (WIFIA - N19101CA).
- v. Financing Agreement Relating to the San Mateo-Foster City Public Financing Authority 2021 Wastewater Revenue Notes, Series B (City of San Mateo) and the San Mateo-Foster City Public Financing Authority 2021 Wastewater Revenue Bonds, Refunding Series A (City of San Mateo) between the San Mateo-Foster City Public Financing Authority and the City of San Mateo dated July 1, 2021; and

WHEREAS, pursuant to Government Code Section 5852.1, certain information relating to the City's obligation to make Member Agency Payments under the 2022 Financing Agreement is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, HEREBY RESOLVES that:

Section 1. Each of the above recitals is true and correct and is adopted by the City Council.

Section 2. The City approves the Project Funds in an amount not to exceed \$110,000,000 with an interest rate not to exceed 1.6%.

Section 3. The 2022 Construction Loan Agreement, in substantially the form on file with the City Clerk, is hereby approved in substantially the form thereof with such changes as may be approved by the City Manager, the Finance Director or the Public Works Director, acting alone (each an "Authorized Officer"), after consultation with the City Attorney. Execution by an Authorized Officer of the 2022 Construction Loan Agreement shall constitute conclusive evidence of the City's approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the 2022 Construction Loan Agreement. The City Clerk is hereby authorized to attest to the Authorized Officer's signature, if applicable.

Section 4. The 2022 Financing Agreement, in substantially the form on file with the City Clerk, is hereby approved in substantially the form thereof with such changes as may be approved by an Authorized Officer, after consultation with the City Attorney. Execution by an Authorized Officer of the 2022 Financing Agreement shall constitute conclusive evidence of the City's approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the 2022 Financing Agreement. The City Clerk is hereby authorized to attest to the Authorized Officer's signature, if applicable.

Section 5. The covenants of the City set forth in the 2022 Construction Loan Agreement and the 2022 Financing Agreement to be executed in accordance with Sections 3 and 4 above are hereby approved, shall be deemed to be covenants of the City Council, and shall be complied with by the City and its officers.

Section 6. The City hereby pledges Net Revenues (as defined in the 2022 Financing Agreement) of its Sewer Enterprise (as defined in the 2022 Financing Agreement) as security for its obligation to pay the Member Agency Payments owed under the 2022 Financing Agreement on a parity basis with the obligations described in the recitals. The pledged source of revenue shall remain in effect until such financing is fully discharged unless modification or change of such dedication is approved in writing by the State Water Board.

Section 7. Each Authorized Officer and the other officers and staff of the City responsible for the fiscal affairs of the City are hereby authorized and directed to take any actions and execute and deliver any and all documents and certificates as are necessary to accomplish and to

consummate the transactions contemplated by the 2022 Construction Loan Agreement and the 2022 Financing Agreement.

Section 8. This Resolution shall take effect immediately upon its passage and adoption.

## EXHIBIT A

### REQUIRED GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. True Interest Cost of the Project Funds under the 2022 Financing Agreement: 1.34%
2. Finance charge of the Project Funds under the 2022 Financing Agreement, being the sum of all fees and charges paid to third parties: \$94,850
3. Amount of Project Funds expected to be received by the City under the 2022 Financing Agreement, net of proceeds for finance charges in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the Project Funds: \$103,955,600
4. Total payment amount for the Project Funds, being the sum of (a) debt service to be paid on the Project Funds under the 2022 Financing Agreement to final maturity (\$134,852,062), plus (b) any financing costs not paid from proceeds of the Project Funds (\$94,850): \$134,946,912

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*\*All amounts and percentages are estimates, and are made in good faith by the City based on information available as of the date of adoption of this Resolution.*