

Presented: May 5, 2011
Postponed: Special Meeting
Presented: May 19, 2011
Postponed: June 2, 2011
Postponed: June 16, 2011
Adopted: November 3, 2011

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2011-37 (SUB)

**A RESOLUTION OF THE DILLINGHAM CITY COUNCIL TO AUTHORIZE THE CITY
MANAGER OR MAYOR TO SIGN ACWF LOAN #283051**

WHEREAS, the City Council at their February 3, 2011 meeting approved Resolution No. 2011-16 authorizing the City to apply to DEC for a loan in the amount of \$4 Million from the Alaska Clean Water Fund for emergency wastewater system improvements; and

WHEREAS, the State of Alaska Department of Environmental Conservation (DEC) has approved a loan in the amount of \$2.2 Million dollars and provided loan documents to the City; and

WHEREAS, the term of the loan is 20 years and the finance charge is 1.5 percent per annum on each disbursement which will accrue beginning one year after the first disbursement; and

WHEREAS, the Alaska Clean Water Fund is offering a subsidy (principle forgiveness) the amount of 15% of the final loan amount actually disbursed not to exceed \$330,000; and

WHEREAS, the Department of Environmental Conservation has requested in no uncertain terms while not mandating the following:

- a.) that the Water and Sewer Fund will follow up an asset management plan with a cost-of-service and rate design study to allocate its costs, including depreciation by user class and develop a rate strategy that will bring the fund into full cost pricing including a reserve fund for unexpected major repair, maintenance and capital replacement; and

WHEREAS, the Loan Agreement also provides that:

- a.) The Borrower will commit a portion of the unrestricted reserves from the general fund to conduct a complete financial audit of the Water and Sewer Fund.
- b.) The Borrower will restrict 100% of the annual loan repayment to the Department from unrestricted reserves in the Borrower's general fund until Part (A) is considered sufficiently satisfied as determined by the Department.
- c.) The Borrower will cooperate in an annual financial analysis by the Department.

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- d.) Once the loan funds are fully disbursed the Borrower will establish in the Water and Sewer Fund a restricted balance equal to four annual payments of the final loan amount.

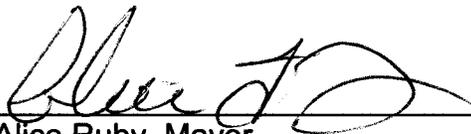
WHEREAS, the Dillingham City Council hereby specifically directs that before any loan funds are drawn down on the loan as provided by DEC, the amount of the draw down will be approved by Resolution of the City Council prior to actually drawing down on any loan disbursement;

NOW, THEREFORE, BE IT RESOLVED by the Dillingham City Council that:

- 1.) The City Manager or Mayor have approval to sign the loan document provided by the State of Alaska Department of Environmental Conservation.

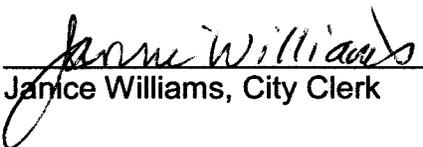
PASSED and ADOPTED by the Dillingham City Council on NOV 3 2011.

SEAL:



Alice Ruby, Mayor

ATTEST:



Janice Williams, City Clerk

