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Submitted by: Chairman of the Assembly at the Request

of the Mayor

Prepared by: Anchorage Water & Wastewater Utility

For reading: NOVEMBER 7, 2000

ANCHORAGE, ALASKA AR No. ... 2000-327

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, ACCEPTING AND APPROPRIATING STATE OF ALASKA DRINKING WATER FUND LOAN OFFERS IN THE TOTAL AGGREGATE AMOUNT OF SIX MILLION DOLLARS (\$6,000,000) FOR FINANCING A PORTION OF THE COSTS OF THE ANCHORAGE LOOP TRANSMISSION MAIN PHASE VI AND THE SOUTH ADDITION WOODSTAVE UPGRADE PROJECTS.

WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes 46.03.032 and 18 AAC 76.005 et seq. of the Alaska Administrative Code, established the Alaska Drinking Water Fund (the 'Fund'), a fund which makes use of U.S. Government grants as authorized by the Drinking Water Act, as amended by P.L. 104-182; and

WHEREAS, the Municipality of Anchorage (the "Municipality") is eligible to borrow from the Fund for the purposes of planning, designing, constructing, equipping, modifying, improving and expanding public water treatment, transmission and distribution facilities; and

WHEREAS, the Assembly of the Municipality in its Ordinance No. AO 2000-24 on January 25, 2000, determined it was necessary to proceed to plan, design, develop, construct, equip, acquire property for, or otherwise obtain items of capital improvements in connection with the Anchorage Loop Water Transmission Main Phase VI and South Addition Woodstave Upgrades projects; authorized the borrowing of an amount not to exceed \$6,000,000 from the Fund for the purpose of financing a portion of the cost of said Projects; and authorized and directed the General Manager of the Anchorage Water & Wastewater Utility ("AWWU") to complete and submit to the State Department of Environmental Conservation ("DEC") applications to borrow money from the Fund and to negotiate with the DEC the terms of such loans; and

WHEREAS, AWWU has submitted applications for loans in connection with the **Anchorage Loop Water Transmission Main Phase VI** and **South Addition Woodstave Upgrade** projects, said applications for these loans has been approved, and AWWU has negotiated the terms of two loans from the Fund in the amount of \$5,000,000 and \$1,000,000 respectively, for a total of \$6,000,000 to finance a portion of the costs of the Projects; and

WHEREAS, the terms and conditions of said loans are contained in the Alaska Drinking Water Fund Loan Agreements between the Municipality and DEC, dated July 12, 2000; and

WHEREAS, it is hereby found to be in the best interest of the Municipality that terms of said loan offers be approved and that the Loan Agreements be executed on behalf of the Municipality.

NOW THEREFORE, BE IT RESOLVED THE MUNICIPALITY OF ANCHORAGE, as follows:

Section 1. <u>Loan Proceeds</u>: The subject loan proceeds in the total aggregate amount of **Six Million**, **Dollars** (\$6,000,000) are hereby accepted and appropriated.

Section 2. **Loan Terms:** The following primary terms of the loans are among those incorporated in the Loan Agreements as hereby specifically approved:

**Principal Amount:** 

Not to exceed \$5,000,000 and \$1,000,000 respectively for a total

aggregate amount of \$6,000,000 (subject to individual draws)

Interest Rate:

4.2% per annum

Interest Accrual:

Accrual of interest will begin one year after the date of the first

disbursement to the Municipality.

AM 1018-2000

Term:

Twenty years from the date of initiation of operation of the

respective Project

**Date of First Payment:** 

One year following substantial completion and initiation of

operation of the respective Project

Payment Interval:

Annual

**Amortization Schedule:** 

Level, fully amortizing

Security:

A subordinate lien pledge of the Gross Revenues less the Operating Expenses of the System as those terms are defined in Ordinance No. AO No. 99-118(S), provided that if such monies are not sufficient, repayment of the loan shall be from any legally available funds accruing to or in the possession of the Municipality; and provided further that repayment of the loan is not a direct obligation of the Municipality and neither the faith and credit nor the taxing power of the Municipality are pledged

therefor.

Section 3. Approval and Executing of Loan Agreement: The loan offers are approved and the Mayor, with the Chief Fiscal Officer of the Municipality and the General Manager of AWWU, are hereby authorized, empowered and directed to execute and deliver the Loan Agreements for and on behalf of the Municipality, including necessary counterparts, and, from and after the executing and delivery of the Loan Agreements, the Mayor, the Chief Fiscal Officer of the Municipality and the General Manager of AWWU, are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Loan Agreements as executed.

Section 4. Effective Date: This Resolution shall take effect immediately.

APPROVED Anchorage Assembly, this dav PASSED. AND the

2000.

ATTEST:

Area Capital Improvement Fund:

Fund 541 Account 1071 Project ID WCB4380 Loop VI

\$5,000,000 (Designated Loan)

Fund 541 Account 1071 Project ID WBC4260 South Addition WS Upgr II

\$1,000,000 (Designated Loan)