

Submitted by: Chairman of the Assembly at the Request
of the Mayor

Prepared by: Anchorage Water & Wastewater Utility

For reading: December 15, 1998

CLERK'S OFFICE

APPROVED

Date: 1-5-99

ANCHORAGE, ALASKA

AR No. 98-396

A
RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, ACCEPTING AND
APPROPRIATING A STATE OF ALASKA DRINKING WATER FUND LOAN OFFER IN THE
AMOUNT OF THREE MILLION, SEVEN HUNDRED THOUSAND DOLLARS (\$3,700,000) FOR
FINANCING A PORTION OF THE COSTS OF THE AIRPORT WATER PROJECT PHASE IB
(ANCHORAGE LOOP TRANSMISSION MAIN PHASE VII).

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 98-112 on July 21, 1998, 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 **Airport Water Project Phase 1B (Anchorage Loop Water Transmission Main Phase VII)**; authorized the borrowing of an amount not to exceed **\$3,700,000** from the Fund for the purpose of financing a portion of the cost of said project; 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") an application to borrow money from the Fund and to negotiate with the DEC the terms of such a loan; and

WHEREAS, AWWU has submitted an application for a loan in connection with the **Airport Water Project Phase 1B (Anchorage Loop Water Transmission Main Phase VII)**, said application for a loan has been approved, and AWWU has negotiated the terms of a loan from the Fund in the amount of **\$3,700,000** to finance a portion of the costs of the Project; and

WHEREAS, the terms and conditions of said loan are contained in the Alaska Drinking Water Fund Loan Agreement between the Municipality and DEC, dated **November 4, 1998**; and

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

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

Section 1. **Loan Proceeds:** The subject loan proceeds in the amount of **Three Million, Seven Hundred Thousand Dollars (\$3,700,000)** are hereby accepted and appropriated.

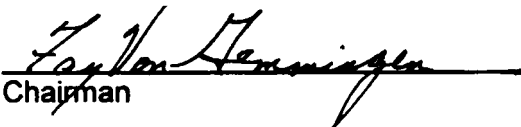
Section 2. **Loan Terms:** The following primary terms of the loan are among those incorporated in the Loan Agreement as hereby specifically approved:

| | |
|------------------------|--|
| Principal Amount: | Not to exceed \$3,700,000 (subject to individual draws) |
| Interest Rate: | 3.51% per annum |
| Interest Accrual | Accrual of interest will begin one year after the date of the first disbursement to the Municipality. |
| Term: | 20 years from the date of initiation of operation of the Project Facility |
| Date of First Payment: | One year following substantial completion and initiation of operation of the Project Facility |
| 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. 98-112, 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 offer is 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 Agreement for and on behalf of the Municipality, including necessary counterparts, and, from and after the executing and delivery of the Loan Agreement, 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 Agreement as executed.

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

PASSED AND APPROVED by the Anchorage Assembly, this 5th day of January, 1999.


Chairman

ATTEST:


Municipal Clerk

Area Capital Improvement Fund:
0541-8896-4210-2230
Anchorage Water Utility: \$3,700,000 (Designated Loan)