



July 1, 2021

Rural Development

Rural Utilities Service

Electric Program

1400 Independence  
Ave SW, Room 5165  
Stop 1560  
Washington, DC  
20250

Voice 202.720.9540

Mr. John Leach  
Municipal Administrator  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835-7540

Dear Mr. Leach:

We are pleased to advise you that a loan guarantee commitment in the amount of \$4,000,000 has been approved for the City and Borough of Sitka (CBS) by the Rural Utilities Service (RUS). Under this commitment, RUS will guarantee a loan of \$4,000,000 to CBS from the Federal Financing Bank (FFB) under the terms and conditions set forth in the Note Purchase Commitment and Servicing Agreement dated as of January 1, 1992, as amended, between RUS and FFB. The proceeds of the guaranteed loan, designated "A18", are to be used by CBS to finance only the system extensions and additions described in the RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, dated June 5, 2020, enclosed and made a part hereof. Written approval by RUS must be obtained prior to the advancement of any loan proceeds for use for system extensions and additions that are not specifically listed on the enclosed RUS Form 740c.

The "A18" Loan Contract and related documents, together with instructions, will be forwarded in the future for execution. The "A18" loan is approved with the understanding that the loan documents will be authorized and executed by your organization and returned to us by the date set forth in the letter transmitting the documents.

Please note that this letter does not constitute an approval to advance the loan proceeds. Proceeds are eligible for advancement on the "A18" loan after all conditions below have been met and the proper advance request documentation has been submitted to RUS:

1. RUS has entered into a contract of guarantee with CBS and the FFB has agreed, with RUS approval, to make CBS a guaranteed loan of \$4,000,000 to finance the system extensions and additions described on the enclosed RUS Form 740c;
2. CBS has submitted evidence, in form and substance satisfactory to the Administrator, that the conditions in the contract of guarantee have been satisfied to the extent and in the manner prescribed by the Administrator;
3. CBS has submitted evidence, in form and substance satisfactory to the Administrator, that CBS has duly authorized, executed, and has delivered to the Administrator the RUS Loan Contract, the FFB Note and the Reimbursement Note in the manner prescribed by the Administrator; and,

- 4. CBS has submitted evidence, in form and substance satisfactory to the Administrator, that CBS has duly authorized, executed, delivered, recorded, and filed a mortgage or other security instrument, if required, which is in form and substance satisfactory to the Administrator.

**Please note that the approval of this loan guarantee commitment is an offer to CBS of the "A18" guaranteed loan. Your acknowledgement and acceptance of the "A18" guaranteed loan is subject to the specified terms and conditions identified above.**

**This award is subject to the provisions contained in the Consolidated Appropriations Act, 2019, P. L. 114-113, Division E, Title VII, Sections 745 and 746, as amended and/or subsequently enacted for USDA agencies and offices regarding corporate felony convictions and corporate federal tax delinquencies. Please see the attached certification for compliance with these requirements.**

**Your acknowledgement and acceptance must be received by RUS, no later than 14 calendar days from the date of this letter, otherwise the commitment will be VOID. The Chairman or the Board President authorized by your organization to execute the loan documents must execute by signing, dating and returning the commitment letter and completed Form AD-3031 via an E-Mail attachment to:**

Karen Hargrove  
E-Mail Address: LoanCommitment@wdc.usda.gov

If E-Mail is not possible, the signed document can be faxed to 1-844-875-8076. The original executed and dated commitment will remain in your files.

Sincerely,

**ACKNOWLEDGED AND ACCEPTED BY:**

CHRISTOPHER  
MCLEAN

Digitally signed by  
CHRISTOPHER MCLEAN  
Date: 2021.07.01 20:05:57 -04'00'

Christopher A. McLean  
Acting Administrator  
Rural Utilities Service

Name:  \_\_\_\_\_

Title: Municipal Administrator \_\_\_\_\_

Enclosures: RUS Form 740c  
Form AD-3031

Date: 7/6/2021 \_\_\_\_\_



**Assurance Regarding Felony Conviction  
or Tax Delinquent Status for Corporate Applicants**

**AD-3031**

*The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. § 552a, as amended). The authority for requesting the following information for U.S. Department of Agriculture (USDA) agencies and staff offices is in § 744 and 745 of the Consolidated Appropriations Act, 2019, Pub. L. 116-6 as amended and/or subsequently enacted. The information will be used to confirm applicant status concerning entity conviction of a felony criminal violation, and/or unpaid Federal tax liability status.*

*According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0505-0025. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal, civil, fraud, privacy, and other statutes may be applicable to the information provided.*

This award is subject to the provisions contained in the Consolidated Appropriations Act, 2019, Pub. L. 116-6, Division E, Title VII, sections § 744 and 745, as amended and/or subsequently enacted for U.S. Department of Agriculture (USDA) agencies and offices regarding corporate felony convictions and corporate federal tax delinquencies.

Accordingly, by accepting this award the corporation recipient acknowledges: (1) that it does not have a Federal tax delinquency, meaning that it is not subject to any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, **and/or** (2) that it has not been convicted of a felony criminal violation under any Federal law within 24 months preceding the award, unless a suspending and debarment official of the USDA has considered suspension or debarment of the recipient corporation based on these convictions and/or tax delinquencies and determined that suspension or debarment is not necessary to protect the interests of the Government. If the recipient fails to comply with these provisions, the agency will annul this agreement and may recover any funds the recipient has expended in violation of the above cited statutory provisions.

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APPLICANT'S SIGNATURE

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TITLE/RELATIONSHIP OF THE INDIVIDUAL IF SIGNING IN A REPRESENTATIVE CAPACITY

---

BUSINESS NAME

---

DATE SIGNED (MM-DD-YYYY)

*In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.*

*Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.*

*To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint \(https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer\)](https://www.ascr.usda.gov/filing-program-discrimination-complaint-usda-customer) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442.*

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 10 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This data will be used by RUS to review your financial situation. Your response is required (7 USC 901 et seq.) and is not confidential.

USDA-RUS		Form Approved OMB No. 0572-0032	
COST ESTIMATES AND LOAN BUDGET		BORROWER AND LOAN DESIGNATION AK0083 City and Borough of Sitka AK0079	
FOR ELECTRIC BORROWERS		COST ESTIMATES AS OF: (Month, Year) Jun-20	
To: U.S. Dept. of Agriculture, RUS, Washington, D. C. 20250			
INSTRUCTIONS See tabs "Pg1 Instr" through "Pg4 Instr"			
SECTION A. COST ESTIMATES		LOAN PERIOD <u>3</u> YEARS	
1. DISTRIBUTION		COST ESTIMATES	RUS USE ONLY
100 a. New Line: (Excluding Tie-Lines)			
<u>Construction</u>	<u>Consumers</u>		
		<u>Miles</u>	
101 URD 1 PH	<u>0 @</u>	\$0	0.00
URD 3 PH	<u>0 @</u>	\$0	0.00
102 OH 1 PH	<u>0 @</u>	\$0	0.00
OH 3 PH	<u>0 @</u>	\$0	0.00
Total Consumers . . .	<u>0</u>	Total Miles . . . . .	<u>0.00</u>
		Less Contributions . . . . .	<u>0</u>
<i>Subtotal (New Line - code 100) . . . . .</i>			<u>\$0</u>
			<u>0</u>
200 b. New Tie-Lines			
	<u>Line Designation</u>	<u>Miles</u>	
201	_____	0.00	\$0
202	_____	0.00	0
203	_____	0.00	0
204	_____	0.00	0
<i>Subtotal Code 200 from page 1A . . . . .</i>		<u>0.00</u>	<u>0</u>
<i>Subtotal Code 200 (Includes subtotals from pages 1A) . . . . .</i>		<u>0.00</u>	<u>\$0</u>
			<u>0</u>
300 c. Conversion and Line Changes			
	<u>Line Designation</u>	<u>Miles</u>	
301	_____	0.00	\$0
302	_____	0.00	0
303	_____	0.00	0
304	_____	0.00	0
305	_____	0.00	0
306	_____	0.00	0
307	_____	0.00	0
308	_____	0.00	0
309	_____	0.00	0
310	_____	0.00	0
<i>Subtotal Code 300 from page 1A . . . . .</i>		<u>0.00</u>	<u>0</u>
<i>Subtotal Code 300 . . . . .</i>		<u>0.00</u>	<u>\$0</u>
			<u>0</u>
400 d. New Substations, Switching Stations, Metering Points, etc.			
	<u>Station Designation</u>	<u>kVA</u>	<u>kV to kV</u>
401	_____	_____	_____
402	_____	_____	_____
403	_____	_____	_____
<i>Subtotal . . . . .</i>			<u>\$0</u>
			<u>0</u>
			<u>0</u>
			<u>\$0</u>

SECTION A. COST ESTIMATES (cont.)						BORROWER'S COST ESTIMATES	RUS USE ONLY
500	e. Substation, Switching Station, Metering Point Changes						
	<u>Station Designation</u>	<u>Description of Changes</u>					
501	_____	_____				\$0	
502	_____	_____				0	
503	_____	_____				0	
504	_____	_____				0	
505	_____	_____				0	
506	_____	_____				0	
507	_____	_____				0	
508	_____	_____				0	
509	_____	_____				0	
	<i>Subtotal .....</i>					\$0	0
600	f. Miscellaneous Distribution Equipment						
601	(1) Transformers and Meters						
	<u>Construction</u>	<u>Transformers</u>		<u>Meters</u>			
	URD 1 PH	@ _____	1 PH	0 @ _____	\$0	#VALUE!	
	URD 3 PH	@ _____	3 PH	0 @ _____	\$0	#VALUE!	
	OH 1 PH	@ _____	1 PH AMR Unit	0 @ _____	\$0	#VALUE!	
		@ _____	3 PH AMR Unit	0 @ _____	\$0	#VALUE!	
	<i>Subtotal code 601 ... (included in total of all 600 codes below)</i>					#VALUE!	
602	(2) Sets of Service Wires to increase Capacity						
603	(3) Sectionalizing Equipment						
604	(4) Regulators					0	
605	(5) Capacitors					0	
606	(6) Miscellaneous Replacements Poles and Associated Hardware Replacements:						
607	(7) Miscellaneous Replacements						
608	(8) Non-site Specific URD to URD or OH to OH Conductor Replacements in the same right of way					0	
609	(9) Unassigned					0	
610	(10) Unassigned					0	
611	(11) Unassigned					0	
612	(12) Step Up/Down Transformers					0	
613	(13) Min/Max Meters					0	
614	(14) Unassigned					0	
615	(15) Communications					0	
	<i>Subtotal ALL 600 codes .....</i>					#VALUE!	0
700	g. Other Distribution Items						
701	(1) Engineering Fees					\$0	
702	(2) Security Lights						
703	(3) Reimbursement of General Funds	Consumers	0	Miles	0.00	0	
704	(4) Load Management & SCADA					0	
705	(5) Automated Meter Reading Equip.					0	
706	(6) Broadband over Power line (BPL)					0	
	<i>Subtotal .....</i>					\$0	0
	<b>TOTAL DISTRIBUTION.....</b>					#VALUE!	0
800	2. Transmission						
	a. New Line						
	<u>Line Designation</u>	<u>Voltage</u>	<u>Wire Size</u>	<u>Miles</u>			
801	_____	_____	_____	_____	\$0		
802	_____	_____	_____	_____	0		
803	_____	_____	_____	_____	0		
804	_____	_____	_____	_____	0		
805	_____	_____	_____	_____	0		
806	_____	_____	_____	_____	0		
807	_____	_____	_____	_____	0		
808	_____	_____	_____	_____	0		
	<i>Subtotal Code 800</i>			0.00	\$0	0	

SECTION A. COST ESTIMATES (cont.)			BORROWER'S COST ESTIMATES	RUS USE ONLY
900	b. New Substation, Switching Station, etc.			
	<u>Station Designation</u>	<u>kVA</u>	<u>kV TO kV</u>	
901	_____	_____	_____	\$0
902	_____	_____	_____	0
903	_____	_____	_____	0
904	_____	_____	_____	0
905	_____	_____	_____	0
906	_____	_____	_____	0
907	_____	_____	_____	0
	Subtotal Code 900 .....		\$0	\$0
1000	c. Line and Station Changes			
	<u>Line/Station Designation</u>	<u>Description of Changes</u>		
1001	_____	_____		\$0
1002	_____	_____		0
1003	_____	_____		0
1004	_____	_____		0
1005	_____	_____		0
1006	_____	_____		0
1007	_____	_____		0
1008	_____	_____		0
1009	_____	_____		0
	Subtotal Code 1000 .....		\$0	\$0
1100	d. Other Transmission Items			
1101	(1) R/W Procurement	_____		\$0
1102	(2) Engineering Fees	_____		0
1103	(3) Reimbursement of General Funds	Miles	0.00	0
1104	(4) Pole and Associated Hardware Replacement	_____		0
1105	(5) Other Transmission	_____		0
	Subtotal .....		\$0	\$0
	TOTAL TRANSMISSION. ....		\$0	\$0
1200	3. GENERATION (including Step-up Station at Plant)			
1201	a Fuel	Nameplate Rating	_____ kW	\$0
1202	b. Green Lake Hydroelectric repairs	_____		, 0,000
	TOTAL GENERATION. ....		, 0,000	, 0,000
1300	4. HEADQUARTERS FACILITIES			
1301	a. New or additional Facilities	(Attach RUS Form 740g)		\$0
1302	b. _____	_____		0
	TOTAL HEADQUARTERS FACILITIES .....		\$0	\$0

SECTION A. COST ESTIMATES (cont.)		BORROWER'S COST ESTIMATES	RUS USE ONLY
1400	5. ACQUISITIONS		
1401	a. _____ Consumers _____ Miles	\$0	
1402	b. _____	0	
TOTAL ACQUISITIONS. ....		\$0	\$0
1500	6. ALL OTHER		
1501	GIS Computer Hardware	\$0	
1502	GIS Computer Software	0	
1503	Initial Data Collection Field Inventory Costs	0	
1504-1511	Energy Efficiency and Conservation	0	
1512	All Other	0	
TOTAL ALL OTHER. ....		\$0	\$0

SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING

1. GRAND TOTAL - ALL COSTS .....		, 0,000	, 0,000
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES			
a. Loan Funds .....	\$0		
b. Materials and Special Equipment .....	0		
c. General Funds .....			
Purpose 1	\$0		
Purpose 2	\$0		
Purpose 3	0,000		
Purpose 4	\$0		
Purpose 5	\$0		
Purpose 6	\$0		
Total General Funds Applied .....			
d. Total Available Funds and Materials .....		0,000	0,000
3. NEW FINANCING REQUESTED FOR FACILITIES .....		\$4,000,000	\$4,000,000
4. RUS LOAN REQUESTED FOR FACILITIES. ....	100%	\$4,000,000	\$4,000,000
5. TOTAL SUPPLEMENTAL LOAN REQUESTED .....		\$0	0
N/A			
Name of Supplemental Lender			
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only) ...	0%	\$0	\$0
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES. ....	0%	\$0	\$0
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-14)*		\$0	\$0

\* Identify in section A by budget purpose and separate subtotals.


SECTION C. CERTIFICATION


We, the undersigned, certify that:

1. Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.
2. Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.
3. The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with 7 CFR 1710.401(a)(3)

6/5/2020  
Date

6/5/20  
Date

  
Signature of Borrower's Manager

  
Signature of Borrower's President

City and Borough of Sitka  
Corporate Name of Borrower

GFR Initials



Attachment to 740c

**City and Borough of Sitka AK0079**

Borrower and Loan Designation

## STATEMENT


Statement certifying that at least 90% of the Loan funds are for facilities with a useful life of 33 years or longer as required by 7 CFR 1710.115.

To facilitate the determination of the final maturity for this RUS Loan,  
City and Borough of Sitka  
does hereby certify that:

At least 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer.

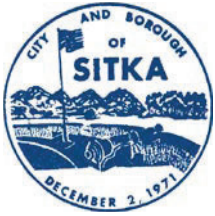
Less than 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer. A schedule has been attached to this statement listing the facilities with an anticipated useful life of less than 33 years, the anticipated useful life of those facilities and the associated cost estimates (see attached).

6/4/2020  
Date

  
John Leach  
Title: neral Mana Municipal Administrator

**OFFICIAL**





# City and Borough of Sitka

Electric Department

105 Jarvis Street

Sitka, Alaska 99835

(907) 747-1870, FAX (907) 747-3208

## Proposed Funding Summary Based Upon Project Budgetary Cost Estimate Green Lake Hydroelectric Project Rehabilitation- Phase 1

Project Task	Budgetary Cost Estimate	CBS Working Capital	USDA Loan Funds
Design	\$ 340,000.00	\$ 340,000.00	\$ -
Construction-Dam and Intake	\$ 2,176,527.58	\$ 276,527.58	\$ 1,900,000.00
Construction-Penstock and Tunnel Repairs	\$ 1,061,115.30	\$ 161,115.30	\$ 900,000.00
Construction-Powerhouse Repairs	\$ 1,402,357.12	\$ 202,357.12	\$ 1,200,000.00
<b>Total</b>	<b>\$ 4,980,000.00</b>	<b>\$ 980,000.00</b>	<b>\$ 4,000,000.00</b>

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**Estimate of Total Project Cost Green Lake Rehabilitation Phase 1 Gates and Waterways based on Bid**

Bid Price \$3,195,414  
 Design Cost \$340,000  
 Consultant Construction Management Cost 6% \$191,725  
 CBS Administrative Cost 5% \$159,770  
 CBS Site Manager Cost 3% \$97,091  
 Subtotal CBS Project Cost \$3,984,000  
 Project Contingency 25% \$996,000  
 Total Project Cost \$4,980,000

**Green Lake Cost Summary Based on Bid Estimate 9/2/20**

Project Task	Bid Cost Estimate	CBS Working Capital	USDA Loan Funds
Design	\$ 340,000.00	\$ 340,000.00	\$ -
Construction-Dam and Intake	\$ 3,000,000.00	\$ 400,000.00	\$ 2,600,000.00
Construction-Penstock and Tunnel Repairs	\$ 550,000.00	\$ 50,000.00	\$ 500,000.00
Construction-Powerhouse Repairs	\$ 1,090,000.00	\$ 190,000.00	\$ 900,000.00
<b>Total</b>	<b>\$ 4,980,000.00</b>	<b>\$ 980,000.00</b>	<b>\$ 4,000,000.00</b>

*Dean Orbison*

Signature

DEAN ORBISON P.E.

SPECIAL PROJECTS  
ENGINEER  
Title

9/2/2020  
Date

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**Estimate**

**GREEN LAKE HYDROELECTRIC PROJECT  
REHABILITATION PHASE 1 – GATES AND WATERWAY  
SITKA, ALASKA**

<b>Bid Item</b>	<b>Item Description</b>	<b>Quantity</b>	<b>Units</b>	<b>Unit Price</b>	<b>Total (Figures)</b>
1.	Mobilization and Demobilization	1	LS	N/A	\$ 56,716
2.	Dam Intake Work	1	LS	N/A	\$ 863,396
3.	Reservoir Debris Removal	24	HR	\$ 5,220	\$ 125,280
4.	Paint trashrack, intake gate hoist beam, intake gate, penstocks, valves, couplings and accessories	1	LS	N/A	\$ 547,760
5.	Intake gate hydraulic system repairs	1	LS	N/A	\$ 430,359
6.	Paint spot repairs - Penstocks	1,650	EA	\$ 85	\$ 140,250
7.	Paint spot repairs – Bulkhead Gate	200	EA	\$ 63	\$ 12,600
8.	Grout and Concrete Repairs	1	LS	N/A	\$ 100,982
9.	Powerhouse piping, valves and accessories	1	LS	N/A	\$ 518,956
10.	Installation of Owner supplied Penstock lift out sections and couplings	1	LS	N/A	\$ 111,203
11.	Turbine-generator inspections and repairs	1	LS	N/A	\$ 184,856
12.	Intake gate position indicator	1	LS	N/A	\$ 60,889
13.	Cathodic Protection at Intake	1	LS	N/A	\$ 42,167
<b>TOTAL (ITEMS 1-13)</b>					<b>\$ 3,195,414</b>

**TOTAL PRICE (In Words)** Three Million, One Hundred Ninety-Five Thousand, Four Hundred Fourteen and 00/100 Dollars

**OPTIONAL ITEMS:**

<b>Bid Item</b>	<b>Item Description</b>	<b>Quantity</b>	<b>Units</b>	<b>Unit Price</b>	<b>Total (Figures)</b>
102.	Additional spot paint repairs	500	EA	\$ 85	\$ 42,500
<b>TOTAL BID PRICE FOR OPTIONAL ITEM 102</b>					<b>\$ 42,500</b>

**TOTAL FOR OPTIONAL ITEM (In Words)** Forty Two Thousand, Five Hundred and 00/100 Dollars