

**CITY AND BOROUGH OF SITKA**

**RESOLUTION NO. 2023-05**

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA (CBS) AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT WITH FEDERAL FINANCING BANK, GUARANTEED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE, IN THE PRINCIPAL AMOUNT OF \$4,000,000, TO FINANCE CERTAIN PREVIOUSLY CONSTRUCTED SYSTEM EXTENSIONS AND ADDITIONS TO THE ELECTRIC DISTRIBUTION SYSTEM AND FACILITIES OF THE CBS; AUTHORIZING THE APPROPRIATE OFFICERS OF THE CBS TO EXECUTE THE APPROPRIATE DOCUMENTS FOR THE LOAN AND THE GUARANTEE; AND, PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

**WHEREAS**, the City and Borough of Sitka ("CBS") is a home rule municipality organized and operating under the laws of the State of Alaska;

**WHEREAS**, the CBS has made improvements to its electric distribution system and facilities ("System"), including system extensions and additions, known as the Green Lake Phase I project (hereinafter referred to as the "Project"); and

**WHEREAS**, the CBS Assembly is authorized and empowered by Section 11.08 of the Home Rule Charter of the City and Borough of Sitka to adopt a Budget and Capital Improvement Plan for the Electric Fund, including entering debt obligations secured by revenue of the System for the purpose of financing certain improvements to the System; and

**WHEREAS**, by Ordinance No. 2020-18, passed on May 12, 2020 (the "Ordinance"), the CBS Assembly adopted a Budget and Capital Improvement Plan, including certain capital improvements to the System, as described more fully in the Ordinance, and authorized entering debt obligations in a principal amount not to exceed \$4,000,000 for the purpose of paying the costs of the Project; and

**WHEREAS**, by letter to the CBS dated July 1, 2021, attached hereto as Exhibit "A" and incorporated herein by reference, the United States Department of Agriculture, Rural Utilities Services (RUS), made an offer to guarantee a loan of \$4,000,000 from the Federal Financing Bank (FFB) to the CBS (the "A18 Loan"), under the terms and conditions set forth in that certain Note Purchase Commitment and Servicing Agreement, dated January 1, 1992, as amended, between RUS and FFB (the "Loan Offer"), to finance the Project, and attached hereto as Exhibit "B" and incorporated herein by reference; and

**WHEREAS**, by this Resolution the CBS Assembly accepts the Loan Offer; and

**WHEREAS**, to finalize the terms of the A18 Loan and authorize the payment of funds for the Project costs, RUS and FFB will require CBS to execute certain loan contracts, notes, guarantee contracts, and related documents all as described in Exhibits A and B (the "Documents") and to return the Documents to RUS and FFB on a date set forth in the letter transmitting the Documents to CBS; and

**WHEREAS**, as condition of the A18 Loan, RUS requires CBS to act by duly authorizing the appropriate official of CBS to execute and deliver to RUS the Documents, including the RUS Loan Contract, and FFB Note and Reimbursement Note.

**NOW, THEREFORE, BE IT RESOLVED** by the Assembly of the City and Borough of Sitka as follows:

Section 1: Incorporation of Recitals. The recitals as set forth in this Resolution are hereby incorporated by this reference as though fully set forth in the body of this Resolution.

Section 2: Ratification and Approval of A18 Loan. The CBS Assembly hereby ratifies, approves, and authorizes the acceptance of the A18 Loan for the purposes set forth in the Ordinance and Exhibits A and B for a term of 30 years at variable interest rates as set by RUS and FFB as of the date of any advances on the A18 Loan. Payments of principal and interest of the A18 Loan shall be as set forth in the Documents.

Section 3: Authorization to Execute Documents. Upon approval of the form of documents by the CBS Assembly and legal counsel for CBS, the CBS Assembly hereby authorizes the CBS Administrator and Finance Director to execute the Documents and all other documents necessary to finalize the A18 Loan on behalf of CBS, as contemplated by the terms and requirements set forth in Exhibits A and B, and the RUS FFB guaranteed loan project. The CBS Administrator and Finance Director and all other appropriate officers of CBS are each hereby further authorized and directed to take such steps, to do such other acts and things, and execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this Resolution.


Section 4: Pledge of Electric System Revenues. For so long as the A18 Loan remains outstanding and unpaid, CBS hereby irrevocably obligates and binds itself to pay all interest or principal and interest payments due on the A18 Loan from System revenues, and to make all such payments as are due over the life of the A18 Loan. The CBS Finance Director is hereby authorized and directed to establish and maintain such accounts and funds necessary to provide for the prompt payment to FFB of interest on, and principal of, the A18 Loan, all according to the Documents executed on behalf of the CBS. CBS hereby irrevocably obligates and binds itself to pay all amounts due, including any interest and/or penalties, to RUS from System revenues, in accordance with the Documents executed on behalf of CBS.

Section 5: Severability. If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of CBS shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution and the Documents.

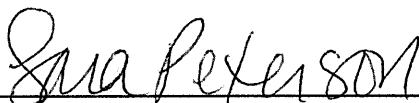
Section 6: Ratification. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by CBS with respect to the Project and the Documents are hereby in all respect ratified, approved, and confirmed.

Section 7: Effective Date. This Resolution will become effective immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska on this 14<sup>th</sup> day of February, 2023.

  
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Steven Eisenbeisz, Mayor

ATTEST:

  
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Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> and final reading: 2/14/23

Sponsor: Administrator