

Mayor Edna B. DeVries
 Deputy Mayor Richard W. Best
 Council Member Steve Carrington
 Council Member Sabrena Combs
 Council Member David Fuller
 Council Member Pete LaFrance

City Attorney Michael Gatti
 City Clerk Norma I. Alley, MMC
 City Manager Nathan Wallace

City of Palmer, Alaska
City Council Meeting
June 19, 2018, at 6 PM
 City Council Chambers
 231 W. Evergreen Avenue, Palmer
www.cityofpalmer.org

AGENDA

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. APPROVAL OF AGENDA

E. OATH OF OFFICE

F. AUDIENCE PARTICIPATION

G. PUBLIC HEARING

1. **Resolution No. 18-014:** Approving the Terms and Conditions of the Attached Loan Resolution Required by United States Department of Agriculture in Connection with Securing Funding to Finance Improvements to the City of Palmer’s Wastewater Treatment Plant Page 3
2. **Resolution No. 18-015:** Amending and Restating Resolution No. 18-011 Authorizing the Issuance and Sale of a Utility Revenue Refunding Bond by the City in the Principal Amount of Not to Exceed \$4,816,000 for Purposes of Refinancing Costs of Wastewater Utility Improvements; Establishing the Terms of the Utility Revenue Refunding Bond; Authorizing the Sale of the Utility Revenue Refunding Bond to the United States of America, Acting Through the Department of Agriculture, Rural Utility Services; and Related Matters..... Page 9

H. RECORD OF ITEMS PLACED ON THE TABLE

I. ADJOURNMENT

Tentative 2018 Palmer City Council Meetings

Meeting Date	Meeting Type	Time	Notes
June 26	Regular	7 pm	
July 10	Regular	6 pm	
July 24	Special	6 pm	2019 Budget Planning Priorities
July 24	Regular	7 pm	

**City of Palmer
Resolution No. 18-014**

Subject: Approving the Terms and Conditions of the Attached Loan Resolution Required by United States Department of Agriculture in Connection with Securing Funding to Finance Improvements to the City of Palmer's Wastewater Treatment Plant

Agenda of: June 19, 2018

Council Action: **Approved** **Amended:** _____
 Defeated

Originator Information:

Originator: City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
<u>X</u>	Finance	<u><i>David Durr</i></u>	<u>06/08/18</u>
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u><i>[Signature]</i></u>	_____
City Attorney	<u><i>[Signature]</i></u>	_____
City Clerk	<u><i>Norma L. Alley</i></u>	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ _____

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted _____

Director of Finance Signature: *David Durr*

Attachment(s):

- Resolution No. 18-014
- RD Form 1780-27

Summary Statement/Background:

In addition to the bond resolution to secure funding of the USDA loan, the USDA requires Council Approval of a separate Loan Resolution in a specific format.

The loan resolution form is attached and made part of this resolution.

The loan resolution approval is part of the letter of conditions that the city approved when accepting the loan/grant package and is required for loan closing if approved.

Administration's Recommendation:

Approve Resolution No. 18-014 Approving the Terms and Conditions of the Attached Loan Resolution Required by United States Department of Agriculture in Connection with Securing Funding to Finance Improvements to the City of Palmer's Wastewater Treatment Plant.

LEGISLATIVE HISTORY

Introduced by: City Manager Wallace

Public Hearing: June 19, 2018

Action:

Vote:

Yes:	No:

CITY OF PALMER, ALASKA

Resolution No. 18-014

A Resolution of the Palmer City Council Approving the Terms and Conditions of the Attached Loan Resolution Required by United States Department of Agriculture in Connection with Securing Funding to Finance Improvements to the City of Palmer's Wastewater Treatment Plant.

WHEREAS, the City of Palmer, Alaska ("City") is a home rule city and, under Section 11 of Article X of the Alaska Constitution, may exercise all legislative power not prohibited by law or the Charter of the City, and the City has determined that the matter set forth in this resolution is not prohibited by law or the Charter; and

WHEREAS, the City Council, by Resolution No. 17-007 approved on January 10, 2017, authorized the City to secure funding for improvements to the City's Wastewater Treatment Plant from the United States Department of Agriculture ("USDA), Rural Utilities Service Program; and

WHEREAS, as a condition of such financing, the City is required to approve the attached loan resolution form which sets forth terms and conditions regarding the USDA funding; and

WHEREAS, the City Council finds that it is necessary and appropriate to approve the attached loan resolution form in connection with securing the necessary funding for the City's Wastewater Treatment Plant.

NOW, THEREFORE, BE IT RESOLVED the Palmer City Council hereby approves the form of loan resolution attached hereto and made a part hereof subject to those changes and revisions determined by the City Manager to be in the best interest of the City.

Approved by the Palmer City Council this 19th day of June, 2018.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE CITY OF PALMER _____

OF _____ THE STATE OF
ALASKA __ AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF
PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR
EXTENDING ITS **WASTEWATER TREATMENT PLANT**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the **CITY OF PALMER, ALASKA** _____
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of
FOUR MILLION EIGHT HUNDRED SIXTEEN THOUSAND AND NO/100 DOLLARS (\$4,816,000)

pursuant to the provisions of **THE ASSOCIATION'S CHARTER AND CODE AND STATE LAW** _____ ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture,
(herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921
et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event
that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.

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 0572-0121. The time required to complete this information collection is estimated to average 1 hour 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.

**City of Palmer
Resolution No. 18-015**

Subject: Amending and Restating Resolution No. 18-011 Authorizing the Issuance and Sale of a Utility Revenue Refunding Bond by the City in the Principal Amount of Not to Exceed \$4,816,000.00 for Purposes of Refinancing Costs of Wastewater Utility Improvements; Establishing the Terms of the Utility Revenue Refunding Bond; Authorizing the Sale of the Utility Revenue Refunding Bond to the United States of America, Acting Through the Department of Agriculture, Rural Utility Services; and Related Matters

Agenda of: June 19, 2018

Council Action: **Approved** **Amended:** _____
 Defeated




Originator Information:

Originator: City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Approved for Presentation By:

	Signature:	Remarks:
City Manager		_____
City Attorney		_____
City Clerk		_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ _____

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted _____

Director of Finance Signature: _____

Attachment(s):

- Resolution No. 18-015
- Letter of Conditions Amendment 2 dated June 6, 2017

Summary Statement/Background:

The City Council approved Resolution No. 18-011 on March 27, 2018 to refund the bond for the interim loan for financing the construction of wastewater treatment plant upgrades.

As part of the review process with the United States Department of Agriculture Office of General Counsel (USDA OGC), an amendment to Resolution 18-011 was requested to account for items not addressed specifically on the sample bond, language differences between the Letter of Conditions provided by USDA-RD and an amended Letter of Conditions to meet financing requests of the city.

The amended Resolution 18-015 satisfies the USDA OGC requests and the city request for payments.

The City Bond Counsel worked diligently with USDA OGC and the City Manager to provide this amended Resolution that will allow closing on the refunded loan and to begin to receive grant funds if approved.

Administration's Recommendation:

Approve Resolution No. 18-015 Amending and Restating Resolution No. 18-011 Authorizing the Issuance and Sale of a Utility Revenue Refunding Bond by the City in the Principal Amount of Not to Exceed \$4,816,000 for Purposes of Refinancing Costs of Wastewater Utility Improvements; Establishing the Terms of the Utility Revenue Refunding Bond; Authorizing the Sale of the Utility Revenue Refunding Bond to the United States of America, Acting Through the Department of Agriculture, Rural Utility Services; and Related Matters.

LEGISLATIVE HISTORY

Introduced by: City Manager
Public Hearing: June 19, 2018
Action:
Vote:

Yes:	No:

CITY OF PALMER, ALASKA

Resolution No. 18-015

A Resolution of the Palmer City Council Amending and Restating Resolution No. 18-011 Authorizing the Issuance and Sale of a Utility Revenue Refunding Bond by the City in the Principal Amount of Not to Exceed \$4,816,000 for Purposes of Refinancing Costs of Wastewater Utility Improvements; Establishing the Terms of the Utility Revenue Refunding Bond; Authorizing the Sale of the Utility Revenue Refunding Bond to the United States of America, Acting Through the Department of Agriculture, Rural Utility Services; and Related Matters

WHEREAS, the City of Palmer, Alaska (the "City") is a home rule city and, under Section 11 of Article X of the Alaska Constitution, may exercise all legislative power not prohibited by law or the Charter of the City, and the City has determined that the matters set forth in this resolution are not prohibited by law or the Charter; and

WHEREAS, there is now outstanding a Utility Revenue Bond, 2017 of the City, in the principal amount of not to exceed \$4,816,000, issued under, and pursuant to, Resolution No. 1150, as amended by Resolution No. 17-027, adopted by the City on June 9, 1998 and September 12, 2017, respectively, and Supplemental Resolution No. 17-012, adopted by the City on February 28, 2017; and

WHEREAS, under Section 11 of Article 9 of the Alaska Constitution and Palmer Charter Section 11.2(a), revenue refunding bonds may be issued without an election, and Section 29.47.410 of the Alaska Statutes provides that the Council by resolution may provide for the form and manner of sale of such bonds; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to the City Manager authority to determine the principal amount, principal installment amounts, interest rate and other details of the City's Utility Revenue Refunding Bond, 2018 (the "2018 Bond"), and the amount of available funds necessary to effect the refunding of the 2017 Bond, and to determine other matters that are not provided for in this resolution, all subject to terms and conditions herein stated; and

WHEREAS, the City Council authorized the issuance and sale of the 2018 Bond pursuant to Supplemental Resolution No. 18-011 at its meeting held on March 27, 2018 (the "Original 2018 Bond Resolution"); and

WHEREAS, the terms and conditions set forth in the Original 2018 Bond Resolution are hereby being amended and restated pursuant to the request of the proposed purchaser of the 2018 Bond.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALMER, ALASKA, that:

Section 1- Definitions. The terms used in this resolution which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution in addition to the following terms shall have the following meanings in this resolution:

"Agreement" means the terms and conditions set forth in the Letter of Conditions dated December 23, 2016 authored by the United States Department of Agriculture and agreed to by the City, as amended on May 16, 2017 and June 6, 2018.

"Authorized Denomination(s)" means \$250,000 or any greater amount in \$5,000 multiples thereof, or if the principal amount is at any time less than \$250,000, the principal amount of the outstanding Bond.

"Bond Register" means the registration books maintained by the Registrar containing the names and addresses of each owner of the 2018 Bond or their nominees, and the principal amount and number of the 2018 Bond held by each owner or nominee.

"City" means the City of Palmer, Alaska, a home rule city organized and existing under the Constitution and laws of the State of Alaska.

"Council" means the general legislative authority of the City, as the same may be constituted from time to time.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund established by Section 11 hereof.

"Debt Service Reserve Requirement" means an amount equal to One Hundred Seventy-One Thousand Seven Hundred Forty and No/100 Dollars (\$171,740.00).

"Loan Resolution" means that certain loan resolution authorized and approved by the City Council on June 19, 2018.

"Master Resolution" means Resolution No. 1150, as amended by Resolution No. 17-027, approved by the City Council on June 9, 1998 and September 12, 2017, respectively.

"Purchaser" means the purchaser of the 2018 Bond, which is the United States of America, acting through the Department of Agriculture, Rural Utility Services.

"Refunded Bond" means the outstanding principal amount of the City's Utility Revenue Bond, 2017, authorized and issued pursuant to the terms of the Master Resolution as supplemented by Supplemental Resolution No. 17-012.

"Registered Owner" means a person named as a registered owner of the 2018 Bond in the Bond Register.

"Registrar" means the City Finance Director.

"Short-Lived Asset Reserve Fund" means the Short-Lived Asset Reserve Fund established by Section 12 hereof.

"Short-Lived Asset Reserve Requirement" means an annual amount equal to \$232,803.00.

"2018 Bond" means the revenue utility refunding bond of the City authorized by this resolution to be evidenced by a bond, note or other evidence of indebtedness.

Section 2 - Authorization of the Bond and Purpose of issuance. The City hereby determines to issue and sell not to exceed \$4,816,000.00 principal amount of a utility revenue refunding bond for purposes of refunding the Refunded Bond. The 2018 Bond shall be sold to the Purchaser pursuant to the terms of the Agreement and Loan Resolution not inconsistent with the terms herein stated or stated in the Master Resolution.

In addition to the use of 2018 Bond proceeds, the City is hereby authorized to use available cash of the City, only to the extent necessary, to effect the refunding of the Refunded Bond.

The City has ascertained and hereby determines that each and every matter and thing as to which provision is made in this resolution is necessary in order to carry out and effectuate the purpose of the City in accordance with the Constitution and statutes of the State of Alaska and to incur the indebtedness and issue the 2018 Bond.

Section 3 - Obligation of Bond. The 2018 Bond shall be an obligation only of the Utility Revenue Fund and shall be payable and secured as provided in this resolution and the Master Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2018 Bond.

Section 4 - Description of 2018 Bond. The 2018 Bond shall be designated "City of Palmer, Alaska, Utility Revenue Refunding Bond, 2018," or such other designation as the City Manager or Finance Director determines is reasonable or appropriate, shall be issued in fully registered form, and shall be numbered in the manner and with such additional designation as the Registrar deems necessary and appropriate for purposes of identification.

The 2018 Bond shall mature in one or more years commencing no earlier than June 1, 2018 and ending no later than December 31, 2059. Payment of principal of, and interest on, the 2018 Bond shall be paid semi-annually, as set forth in the form of the 2018 Bond subject, however, to the City Manager's authority to change such payment schedule as set forth in Section 16 hereof. In addition, the principal installment amounts, payment due date(s), including the final maturity date, and interest rate shall be determined by the City Manager pursuant to Section 16 hereof, subject to the terms herein stated.

The Bond shall bear interest from the date of issuance at a fixed rate of interest determined by the City Manager pursuant to Section 16 hereof; provided, however, in no event shall the fixed rate of interest exceed two percent (2%). Interest shall be computed on the basis of a 365-day year composed of twelve 30-day months.

Section 5 - Place and Medium of Payment. Both principal of and interest on the 2018 Bond shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Installments of principal and interest on the 2018 Bond shall be paid by check mailed by first class mail to the Registered

Owner as of the first day of the month in which payment is due at the address appearing on the Bond Register; provided that the final installment of both principal and interest on the 2018 Bond shall be payable upon presentation and surrender of the 2018 Bond by the Registered Owner at the office of the Registrar.

Notwithstanding the foregoing, for so long as the United States of America is the Registered Owner of the 2018 Bond, the place and medium of payment shall be by electronic means as set forth in the Agreement.

Section 6 - Registration.

- A. Bond Register. The 2018 Bond shall be issued only in registered form as to both principal and interest. The City designates the City Finance Director as Registrar and Paying Agent for the 2018 Bond. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City covenants that, until the 2018 Bond has been surrendered and canceled, it will maintain a system for recording the ownership of the 2018 Bond that complies with the provisions of Section 149 of the Code.
- B. Registered Ownership. The City and the Registrar, each in its discretion, may deem and treat each Registered Owner of the 2018 Bond as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Payment of the 2018 Bond shall be made only as described in Section 4, but such registration may be transferred as herein provided. All payments made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the City upon the 2018 Bond to the extent of the amount or amounts so paid.
- C. Transfer or Exchange of Registered Ownership: Change in Denominations. The 2018 Bond shall be transferred only upon the Bond Register kept by the Registrar. Upon surrender of the 2018 Bond for transfer or exchange at the office of the Registrar, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, the City shall execute and the Registrar shall deliver a new 2018 Bond (at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount, subject to such reasonable regulations as the Registrar may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. Any 2018 Bond surrendered for transfer or exchange shall be canceled by the Registrar. The Registrar shall not be required to transfer or exchange any 2018 Bond after the 2018 Bond has been called for redemption.

Notwithstanding the foregoing, the Bond may only be transferred in Authorized Denominations and must be in compliance with the securities law of the United States of America.

Section 7 - Redemption of 2018 Bond. The 2018 Bond may be may redeemed, in whole or in part, without penalty and at any time, at the option of the City.

Section 8 - Notice of Redemption. Notice of any intended redemption of the 2018 Bond shall be given not less than 10 days prior to the date fixed for redemption by United States mail to the Registered Owner of the 2018 Bond to be redeemed at its address as it appears on the

Bond Register on the day the notice is mailed. The requirements of this section shall be deemed to be complied with when notice is mailed as provided herein, whether or not it is actually received by the Registered Owner. All official notices of redemption shall be dated and shall state the redemption date and the redemption price.

Section 9 - Series 2018 Bond Fund. A special fund of the City designated the "Utility Revenue Refunding Bond Fund, Series 2018" (the "2018 Bond Fund") is hereby created for the purpose of paying, and securing payment, of the 2018 Bond. Subject to the terms stated herein and in the Master Resolution, the 2018 Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of the 2018 Bond.

- A. The City hereby irrevocably obligates and binds itself for as long as the 2018 Bond remains Outstanding to set aside and pay into the 2018 Bond Fund from Net Revenues or money in the Utility Revenue Fund, on or prior to the respective dates on which the same become due:
- (1) such amounts as are required to pay the interest scheduled to become due on the Outstanding 2018 Bond;
 - (2) such amounts as are required to pay maturing principal installment of the Outstanding 2018 Bond;
 - (3) such amounts as are required to cause amounts held in the Debt Service Reserve Fund to satisfy the Debt Service Reserve Requirement; and
 - (4) such amounts as are required to cause amounts held in the Short-Lived Asset Reserve Fund to satisfy the Short-Lived Asset Reserve Requirement.
- B. Said amounts so pledged to be paid into the 2018 Bond Fund are hereby declared to be a prior lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon heretofore made or which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.
- C. For so long as United States of America is the Registered Owner of the 2018 Bond, the issuance of future parity bonds shall require the consent of Purchaser, which consent shall not be unreasonably withheld.

Section 10 – Establishment of Funds and Application Thereof. The following Funds, each to be held by the City, are hereby established in connection with the 2018 Bond:

- A. Debt Service Reserve Fund, and
- B. Short Lived Asset Reserve Fund.

Section 11 – Debt Service Reserve Fund. If the amount in the 2018 Bond Fund shall be less than the amount required to pay principal of, or interest on, the 2018 Bond on any payment date, the City shall apply amounts held in the Debt Service Reserve Fund to the extent necessary to make good the deficiency subject to the written approval of the Purchaser so long as the United States of America is the Registered Owner of the 2018 Bond. If the United States of America is

no longer the Registered Owner of the 2018 Bond, no such written approval shall be required to apply amounts held in the Debt Reserve Fund for payment of principal of, and interest on, the 2018 Bond when due.

Funding of the Debt Service Reserve Fund. The City shall make semi-annual payments, from available funds of the City, into the Debt Service Reserve Fund, in an amount equal to Eight Thousand Eight Hundred Seventy and No/100 Dollars (\$8,870.00). Payments into the Debt Service Reserve Fund shall be made on the same day on which debt service payments are made on the 2018 Bond until amounts held in the Debt Service Reserve Fund satisfies the Debt Service Reserve Requirement.

At such time as amounts held in the Debt Service Reserve Fund satisfies the Debt Service Reserve Requirement monthly payments may be temporarily discontinued. However, monthly payments to the Debt Service Reserve Fund (as described in the immediately preceding paragraph) shall resume at any time the amount held in the Debt Service Reserve Fund is reduced below the Debt Service Reserve Requirement.

Amounts remaining in the Debt Service Reserve Fund on the final principal installment payment date of the 2018 Bond may be used to pay the principal of and interest on the 2018 Bond or such amounts may be released to the City free and clear of any lien created by this Resolution or the Master Resolution.

Section 12 – Short-Lived Asset Reserve Fund. Amounts held in the Short-Lived Asset Reserve Fund shall be used to pay for repair and replacement of short-lived assets of the Utility.

Funding of the Short-Lived Asset Reserve Fund. On an annual basis, the City shall deposit into the Short-Lived Asset Reserve Fund the amount of Two Hundred Thirty-Two Thousand Eight Hundred Three and No/100 Dollars (\$232,803.00), commencing in 2018.

Amounts remaining in the Short-Lived Asset Reserve Fund on the final principal installment payment date of the 2018 Bond, or earlier if the United States of America shall no longer be the Registered Owner of the 2018 Bond, shall be released to the City free and clear of any lien created by this resolution or the Master Resolution.

Section 13 - Form of 2018 Bond. The 2018 Bond shall be signed and delivered to the Purchaser on the date of initial issuance of the 2018 Bond. The 2018 Bond shall be in the following form, with such variations, omissions and insertions as may be required or permitted by this resolution and the Master Resolution:

[FORM OF 2018 BOND]

UNITED STATES OF AMERICA
STATE OF ALASKA
CITY OF PALMER

NO. _____

\$ _____

UTILITY REVENUE REFUNDING BOND, 2018
(the "2018 Bond")

REGISTERED OWNER: United States of America

PRINCIPAL AMOUNT:

The City of Palmer, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, the Principal Amount stated above in installments on the ____day of June and December of each year commencing December __, 201_ and continuing through _____ __ 2058; interest due under the terms of this 2018 Bond shall be a fixed rate of interest equal to _____ percent (___%) per annum and payable semi-annually on the same day as principal installments due hereunder. Schedule A attached hereto, and incorporated herein, sets forth payment amounts, and dates, when such amounts are due under the terms of this 2018 Bond.

Interest shall be computed on the basis of a 365-day year consisting of twelve 30-day months. Principal of, and interest on, this 2018 Bond shall be payable on the ___ day of each June and December, until _____ __, 2058, when the remaining principal of this 2018 Bond, plus accrued interest, shall be due and payable.

Both principal of and interest on this 2018 Bond shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts installments of principal and interest on this 2018 Bond shall be paid by check mailed by first class mail to the Registered Owner no later than the fifteenth day of the month in which payment is due at the address appearing on the Bond Register; provided that the final installment of principal and interest on this 2018 Bond shall be payable upon presentation and surrender of this 2018 Bond by the Registered Owner at the office of the Finance Director of the City, in Palmer, Alaska. Notwithstanding the foregoing, so long at the Registered Owner of the 2018 Bond is the United States of America, payment of principal of, and interest on, this 2018 Bond shall be made by the electronic means required by the United States of America.

This 2018 Bond is subject to redemption by or on behalf of the City, in whole or in part, at any time without penalty.

This 2018 Bond may only be transferred in Authorized Denominations of \$250,000. Notwithstanding the foregoing, if the principal amount of the outstanding 2018 Bond is less than \$250,000 the 2018 Bond may not be transferred to an eligible transferee without the prior written consent of the City.

This 2018 Bond is a special obligation of the City and is one of a duly authorized issue of bonds of the City issued, and to be issued, in various series under the Palmer City Charter and Resolution No. 1150, as amended by Resolution No. 17-027 (together, the "Master Resolution"), adopted June 9, 1998 and September 12, 2017, respectively, and a series resolution authorizing each such series. As provided in the Master Resolution, bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of bonds which may be issued under the Master Resolution is not limited, and all bonds issued and to be issued under said Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution or supplemental resolution.

This 2018 Bond, in the principal amount of \$_____, is issued under the Master Resolution and Resolution No. 18-_____ - (the "Series Resolution") adopted _____ __, 2018. The 2018 Bond is being issued to provide funds to refund the City's Utility Revenue Bond,

Finance Director, City of Palmer, Alaska,
as Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF
TRANSFEREE

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and all rights thereunder and does hereby irrevocably constitute and appoint ____
_____ of _____, or its
successor, as agent to transfer said bond on the books kept by the Registrar for registration
thereof, with full power of substitution in the premises.

DATED: _____, _____.

SIGNATURE GUARANTEED:

NOTE: The signature of this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SCHEDULE A – PAYMENT SCHEDULE

Section 14 - Execution of 2018 Bond. The 2018 Bond shall be executed on behalf of the City by the Mayor and its corporate seal shall be impressed or otherwise reproduced thereon and attested by the City Clerk. The execution of the 2018 Bond on behalf of the City by persons that at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2018 Bond or shall not have held office on the date of the 2018 Bond.

Only a 2018 Bond that bears a Certificate of Authentication manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. The executed Certificate of Authentication shall be conclusive evidence that the bond so authenticated has been duly executed, authenticated, registered, and delivered hereunder and is entitled to the benefits of this resolution.

Section 15 - Mutilated, Destroyed, Stolen or Lost 2018 Bond. Upon surrender to the Registrar of a mutilated 2018 Bond, the City shall execute and deliver a new 2018 Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a 2018 Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2018 Bond of like maturity and principal amount. The person requesting the authentication and delivery of a new 2018 Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith. Any bond issued pursuant to this section in substitution for a 2018 Bond alleged to be destroyed, stolen or lost shall constitute an original additional contractual obligation on the part of the City, whether or not the 2018 Bond alleged to be destroyed, stolen or lost be at any time enforceable by anyone.

Section 16 - Sale of 2018 Bond: General and Specific Authorization to City Officials. The sale of the 2018 Bond to the Purchaser is hereby authorized, ratified and confirmed.

The City Manager (or his designee) is hereby authorized to negotiate the final terms of the 2018 Bond, subject to the terms herein stated, including the payment dates, interest rate and final maturity date. The City Manager's (or his designee's) execution of all documents and any action necessary or desirable taken by him to carry out the provisions of this resolution and all such actions to effectuate the issuance of the 2018 Bond are hereby authorized, ratified and confirmed.

All actions heretofore and hereinafter taken by the proper officials for the City to complete such sale of the 2018 Bond are hereby authorized, ratified and confirmed, subject to the terms of the Master Resolution and this resolution.

Section 17 - Disposition of the Sale Proceeds of the 2018 Bond. The sale proceeds of the 2018 Bond shall be used to refund and redeem the Refunded Bond.

Section 18 – Additional Conditions. Pursuant to the request of Purchaser so long as the United States of America is the Registered Owner of the 2018, the City agrees that a Bondholder Trustee will not be engaged for purposes of Section 17 of the Master Resolution.

Section 19 - Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the City 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 or of the 2018 Bond.

Section 20 - Effective Date. This resolution shall be effective upon adoption by the City Council.

Approved by the Palmer City Council this 19th day of June, 2018.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk



Rural Development June 6, 2018

Alaska field office

510 L Street
Suite 410
Anchorage, AK
99501

Voice 907.271.2424
Fax 855.201.1074

Nathan Wallace, City Manager
City of Palmer
231 W. Evergreen Avenue
Akutan, AK 99645

RE: Amendment 2 to Letter of Conditions

Dear Mr. Wallace:

Thank you for contacting Rural Development regarding the proposed changes of loan repayment, and reserves. A direct loan and grant were approved for the project in Federal fiscal year 2017.

This letter amends the letter of conditions dated December 23, 2016, and Amendment 1 dated May 16, 2017. Subject to the requirements/amendments noted herein, all of the conditions outlined in the December 23, 2016 letter of conditions remain in effect and must be satisfied.

The conditions are amended as follows:

Section II – Loan and Grant Terms

Repayment – Your loan will be scheduled for repayment over a period of 40-years. Payments will be 80 amortized installments, beginning six months after the closing date. For planning purposes, use a 1.875% interest rate and amortization factor of 40 years, which provides for a semi-annual payment of \$85,870.

The payment due date will be established as the day the loan closes (the 28th is due date when loans are closed on the 29th, 30th, or 31st).

Reserves – Reserves must be properly budgeted to maintain the financial viability and sustainability of any operations. Reserves are important to fund unanticipated emergency maintenance and repairs, and assist with debt service should the need arise. The following reserves are required to be established as a condition of the loan:

- a. **Debt Service Reserve** – As a part of this Agency loan proposal, you must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment. Ten percent of the proposed loan installment would equal \$17,740 annually; this amount may be accomplished by making installments of \$8,870 semi-annually until a total of \$171,740 has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

the life of the loan, deposits will continue as designated above until the fully-funded amount is reached.

This letter will act as an amendment to the letter of conditions referenced above between the City of Palmer (Grantee) and the United States Department of Agriculture acting through Rural Utilities Service (Grantor). We believe the information in this letter clearly sets forth updated conditions which must be complied with; however, this letter does not relieve you from meeting the requirements of RUS Instruction 1780. If there are concerns regarding the amendment, please do not hesitate to contact the undersigned at (907) 271-2424 extension 118.

Sincerely,



TASHA DEARDORFF
Director, Community Programs and Sanitation Facilities

Encl: Schedule of Short-Lived Assets
RD Form 1942-46, Letter of Intent to Meet Conditions

LETTER OF INTENT TO MEET CONDITIONS

Date 6 Jun 18

TO: United States Department of Agriculture
Rural Development

(Name of USDA Agency)

510 L Street, Suite 410
Anchorage, AK 99501

(USDA Agency Office Address)

6-6-18

5-16-17

We have reviewed and understand the conditions set forth in your letter dated 12-23-2016. It is our intent to meet all of them not later than _____.

City of Palmer

(Name of Association)

BY 

Nathan Wallace, City Manager

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons 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 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour 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.