

**CITY OF CORDOVA, ALASKA
RESOLUTION 01-16-02**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA, AUTHORIZING THE CITY OF CORDOVA TO ISSUE GENERAL OBLIGATION DEBT, CONSISTING OF A LOAN FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,000,000 TO FINANCE THE WATER DIVISION POST-LT2 COMPLIANCE UPGRADE PROJECT, AND TO SUBMIT THE QUESTION OF THE ISSUANCE OF SUCH DEBT TO THE QUALIFIED VOTERS OF THE CITY AT THE MARCH 1, 2016 REGULAR CITY ELECTION

WHEREAS, the City of Cordova, 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

WHEREAS, under the provisions of City Charter Section 6-1, the City may incur general obligation debt only when authorized by the Council and ratified by a majority of the voters of the City voting on the question; and

WHEREAS, the United States Environmental Protection Agency has mandated that all Public Water Systems that use water from surface sources take steps to comply with Long Term 2 (LT2) regulations meant to protect the public against the effects of the microorganism known as Cryptosporidium; and

WHEREAS, the State of Alaska Department of Environmental Conservation (“DEC”) offers loans at favorable interest rates (currently 1.5%) for up to 20 years, for which the water division post-LT2 compliance upgrade project (the “Project”) appears eligible; and

WHEREAS, DEC offered the City a loan of \$3,000,000 loan to finance costs of the Project with a subsidy in the form of principal forgiveness not exceeding \$1,100,000 and the City may obtain this funding through the issuance of general obligation debt, either in the form of bonds or a loan from DEC; and

WHEREAS, it is necessary and in the best interest of the City and its residents that the City authorize the issuance of general obligation debt for the purposes described in this Resolution.

NOW, THEREFORE, BE IT RESOLVED THAT

Section 1. It is hereby determined to be for a public purpose and in the public interest of the City to incur general obligation indebtedness in an amount not to exceed Three Million Dollars (\$3,000,000) for the purpose of financing the acquisition and construction of the Project.

Section 2. The City is authorized to borrow the sum of not to exceed Three Million Dollars (\$3,000,000) to finance the capital improvements described in Section 1, and the borrowing shall be evidenced by the issuance of general obligation debt of the City. The full faith and credit of the City are pledged for payment of the principal of and interest on the debt.

Section 3. The City shall submit the following proposition to the qualified voters of the City at the March 1, 2016 regular City election. The proposition must receive an affirmative vote from a majority of the qualified voters voting on the question to be approved.

Proposition No. 2
General obligation debt for the water division
post-LT2 compliance upgrade project

Shall the City of Cordova incur general obligation indebtedness in an amount not to exceed Three Million Dollars (\$3,000,000) consisting of a loan from the State of Alaska Department of Environmental Conservation, to finance the Water Division post-LT2 Compliance Upgrade Project to further comply with the federally mandated Long Term 2 (LT2) drinking water quality regulations?

The debt shall be secured by a pledge of the full faith and credit of the City, and may be subject to a subsidy in the form of principal forgiveness in an amount not exceeding One Million One Hundred Thousand Dollars (\$1,100,000).

Section 4. The proposition, both for paper ballots and machine ballots, shall be printed on a ballot which may set forth other bond propositions, and the following words shall be added as appropriate and next to a space provided for marking the ballot for voting by hand or machine:

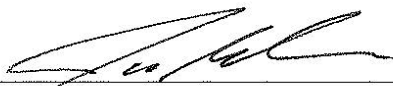
Proposition No. 2

Yes
No


Section 5. Sections 1 and 2 of this Resolution shall become effective only if the proposition described in Section 3 is approved by a majority of the qualified voters voting on the proposition at the March 1, 2016 regular City election. The remaining sections of this Resolution shall become effective upon passage and approval.

PASSED AND APPROVED THIS 6th DAY OF JANUARY, 2016





James Kaesh, Mayor

ATTEST:


Susan Bourgeois, City Clerk