


SUBJECT: Request Assembly approval of the loan offer from the Alaska Department of Environmental Conservation, Clean Water Fund, loan no. ACWF 561071, authorizing the manager to incur debt in the amount not to exceed \$7,000,000, accept and appropriate the loan proceeds, and set the scope of work and budget for the management, design, construction and related infrastructure for a new landfill lined cell known as Cell 4, Project No. 25055.

AGENDA OF: August 1, 2017

ASSEMBLY ACTION:

Adopted without objection 8-15-17


MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY JOHN MOOSEY, BOROUGH MANAGER: 

Route To:	Department/Individual	Initials	Remarks
	Originator	<i>mm</i>	
	Capital Projects Director <i>Project Manager</i>	<i>gpe</i>	
	Public Works Director	<i>TDA</i>	<i>14 July 17</i>
	Finance Director	<i>CF</i>	
	Borough Attorney	<i>NS</i>	
	Borough Clerk	<i>Jmm</i>	<i>7/24/17</i>

ATTACHMENT (S): Fiscal Note: Yes ☒ No ☐
 Ordinance Serial No. 17-101 (4 pp)
 Resolution Serial No. 17-057 (3 pp)
 Loan Offer Letter (1 pp)
 Loan Agreement (18 pp)
 Resolution 16-001 Attachment (*2* pp)

SUMMARY STATEMENT: Resolution No. 16-001 was adopted on January 12, 2016 which authorized the Manager to apply for loan funds through the Alaska Department of Environmental Conservation, Alaska Clean Water Fund.

The Matanuska-Susitna Borough was notified by the Alaska Department of Environmental Conservation on June 22, 2017 that a loan request was approved in the amount not to exceed \$7,000,000 for the Central Landfill Project No 25055 (ACWF#561071), fund 420, to be repaid from Central Landfill Enterprise Fund 510.

The attached ordinance and resolution, if approved, will accept and appropriate the loan funds to allow for the management, design, and construction of cell 4, and identify the scope of work and budget.

RECOMMENDATION OF ADMINISTRATION: Request Assembly approval of the loan offer from the Alaska Department of Environmental Conservation, Clean Water Fund, loan no. ACWF 561071, authorizing the manager to incur debt in the amount not to exceed \$7,000,000, accept and appropriate the loan proceeds, and set the scope of work and budget for the management, design, construction and related infrastructure for a new landfill lined cell known as Cell 4, Project No. 25055.

MATANUSKA-SUSITNA BOROUGH
FISCAL NOTE

Agenda Date: August 1, 2017

SUBJECT: Request Assembly approval of the loan offer from the Alaska Department of Environmental Conservation, Clean Water Fund, loan no. ACWF 561071, authorizing the manager to incur debt in the amount not to exceed \$7,000,000, accept and appropriate the loan proceeds, and set the scope of work and budget for the management, design, construction and related infrastructure for a new landfill lined cell known as Cell 4, Project No. 25055.

ORIGINATOR: Solid Waste Division

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES NO
AMOUNT REQUESTED <i>NTE \$7,000,000 *</i>	FUNDING SOURCE <i>ACWF Loan</i>
FROM ACCOUNT #	PROJECT #
TO ACCOUNT: <i>420.000.000.3xx.xxx</i>	PROJECT # 25055
VERIFIED BY: <i>Barbara Baereng</i>	CERTIFIED BY:
DATE: <i>7/17/17</i>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL			<i>NTE 7,000</i>			
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REVENUE						
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FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other <i>Loan</i>			<i>7,000</i>			
TOTAL			<i>7,000</i>			

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) ** Actual amount will depend on expenditures to the date the project is completed*

PREPARED BY:

DEPARTMENT:

APPROVED BY:

PHONE:

DATE:

DATE:

IM No. 17-*136*
Ordinance Serial No. 17-*101*
Resolution Serial No. 17-*057*



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Environmental
Conservation

DIVISION OF WATER

Post Office Box 111800
Juneau, Alaska 99811-1800
Main: 907.465.5300
Fax: 907.465.5177
www.dec.alaska.gov

June 22, 2017

The Honorable Vern Halter
Mayor
Matanuska-Susitna Borough
350 E. Dahlia Ave.
Palmer, AK 99645

Re: Binding Commitment for Central Landfill Cell 4 Design & Construction project for
\$7,000,000 Alaska Clean Water Fund (ACWF) #561071

Dear Mayor Halter:

Upon review of the application associated with this project, we have found sufficient documentation demonstrating the readiness of this project to proceed and are, therefore, issuing a Letter of Binding Commitment to fund the project in the amount of \$7,000,000. Please note, a full loan application must be submitted and processed by August 31, 2017 or the funds may be offered to other eligible projects that are ready to proceed.

This letter of commitment substantiates that the project meets the terms and conditions set forth in the SFY 2017 Alaska Clean Water Fund (ACWF) Intended Use Plan (IUP) and that funds in the amount of \$7,000,000 will be made available to assist in financing this project, provided that the conditions described above are met. This binding commitment will become null and void upon issuance of the SFY 2019 ACWF IUP.

Sincerely,

A handwritten signature in blue ink that reads "Michelle Hale".

Michelle Hale
Director

cc: Carrie Bohan/ADEC-Water/Juneau
Trena Rairdon/ADEC-DAS/Juneau
Susan Start/ADEC-Water/Anchorage
MGL Accounting/ADEC-DAS/Juneau

Im17-134
OR17-101
RS17-057



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Environmental
Conservation

Matanuska Susitna Borough

DIVISION OF WATER

JUL 06 2017

Administration

Post Office Box 111800
Juneau, Alaska 99811-1800
Main: 907.465.5300
Fax: 907.465.5177
www.dec.alaska.gov

June 27, 2017

Mr. John Moosey
Borough Manager
Matanuska-Susitna Borough
350 E. Dalia Avenue
Palmer, AK 99645

Re: Loan Agreement for Central Landfill Cell 4 Design and Construction (ACWF # 561071)

Dear Mr. Moosey:

Enclosed for signature is the loan agreement in the amount of \$7,000,000 for the Central Landfill Cell 4 Design and Construction project (Alaska Clean Water Fund Loan # 561071).

In addition to the requirements of the loan agreement, the following recommendations were made based on the financial capacity review completed by the Department's contractor:

- (a) Debt Service Reserve Fund. The Borrower should establish a debt service reserve fund to hold one full year of debt service payments.
- (b) Annual CAFR Review. The Department should conduct a review of the Borrower's annual comprehensive annual financial report (CAFR).

While item (a) is a recommendation, the Department strongly suggests that the Borough take steps to implement it. No action is required by the Borough in reference to item (b). The Department will review a copy of the Borough's CAFR provided by the State's Division of Finance.

Please return the signed original loan offer to the following address:

Alaska Department of Environmental Conservation
Division of Water, Municipal Matching Grants & Loans Program
Attn: MAT
P.O. Box 111800
410 Willoughby Avenue, Suite 303
Juneau, AK 99811-1800

Upon receipt of the signed original loan offer, the Department will route the document for final signature. A copy of the complete document will be e-mailed to you for your records.

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Matanuska-Susitna Borough
ACWF # 561071
Loan Agreement

If you have any questions regarding the loan agreement you may contact Carrie Bohan, Program Manager, at 465-5143 or Susan Start, Project Engineer, at 269-7437.

Sincerely,

A handwritten signature in blue ink that reads "Michelle Hale". The signature is written in a cursive, flowing style.

Michelle Hale
Director

Enclosure: ACWF # 561071 Loan Agreement

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**ALASKA CLEAN WATER FUND AGREEMENT
ACWF LOAN NUMBER 561071
Matanuska-Susitna Borough**



Central Landfill Cell 4 Design and Construction

This agreement is entered into as of June 27, 2017, by the Alaska Department of Environmental Conservation (the Department) and the Matanuska-Susitna Borough (the Borrower), acting pursuant to Resolution 16-001, approved by the Matanuska-Susitna Borough, for a loan amount of \$7,000,000 with a loan term of 20 years.

SECTION I - DEFINITIONS

Section 1.1. Except where the context clearly indicates otherwise, terms used in this Agreement will have the meaning ascribed to them in this section.

- (a) "Approved Application" means the application submitted to the Department on January 12, 2017 together with all attachments and supporting documentation, as approved by the Department and the Borrower.
- (b) "Finance Charge Rate" means 1.5 percent per annum.
- (c) "Contract period" means the time period commencing on the date this agreement is signed by the Borrower and terminating on the date the Borrower repays the loan in full.
- (d) "Default" means the Borrower has failed to make a loan repayment within 90 days of the due date, as determined by the repayment schedule prepared by the Department immediately following initiation of operation of the facility.
- (e) "Eligible Project Costs" include the following costs disbursed from the Alaska Clean Water Fund, estimated to not exceed \$7,000,000: demolition, construction, and engineering for the Project Facility; machinery, furnishings, and equipment; surveys, plans, estimates, and specifications; necessary insurance; financial and environmental investigations; laboratory testing, resident engineering and inspection fees; force account; legal expenses; and any other necessary miscellaneous expenditures, minus the amount of any grant applicable foregoing costs.
- (f) "Participation Payment" means the amount per year necessary to amortize the loan.

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(g) "Project Facility" means the facility to be constructed pursuant to this Agreement as described generally in the Approved Application dated January 12, 2017. This project will design and construct a new lined cell and related improvements at the Central Landfill, including a tie in to the existing leachate collection system and adjacent landfill cells (2a, 2b and 3).

SECTION II - RIGHTS OF ACCESS

Section 2.1. The Department has the right, at all reasonable times, to enter the project site, for the purpose of inspecting the facility.

SECTION III - ACQUISITION OF PROJECT SITE, CONSTRUCTION OF PROJECT FACILITY, LOAN DISBURSEMENT, AND PAYMENT OF COSTS

Section 3.1. With the exception of land easements, all real estate and personal property constituting the Project Facility and the project must belong to the Borrower.

Section 3.2. In connection with the construction of the project facility, the Borrower agrees that:

(a) Under the Federal Water Pollution Control Act section 602(b)(13), the Borrower must certify that they have conducted studies and evaluations for determining the cost and effectiveness of the project. The cost and effectiveness analysis at minimum requires:

(i) the study and evaluation of the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and

(ii) the selection, to the maximum extent practicable, of a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account: the cost of constructing the project or activity; the cost of operating and maintaining the project or activity over the life of the project or activity; and, the cost of replacing the project or activity.

Certification must be provided by the Borrower before proceeding with final design or construction. The Borrower must use the certification form supplied by the Department to ensure compliance with this requirement.

(b) When applicable, Borrower's contracting for all architectural and engineering (A/E) services after October 1, 2014 must comply with the elements of the procurement processes for A/E services as identified in 40 U.S.C. 1101. Requirements under 40 U.S.C. 1101 are as follows:

- (i) Public announcement of the solicitation (e.g., a Request for Qualifications);
- (ii) Evaluation and ranking of the submitted qualifications statements based on established, publicly available criteria (e.g., identified in the solicitation). Evaluation criteria should be based on demonstrated competence and qualification for the type of professional services required (e.g., past performance, specialized experience, and technical competence in the type of work required);
- (iii) Discussion with at least three firms to consider anticipated concepts and compare alternative methods for furnishing services;
- (iv) Selection of at least three firms considered to be the most highly qualified to provide the services required. If the Request for Qualification does not generate three responses, A/E services shall be considered in compliance with section as long as the Borrower as determined by the Department has made a good faith effort to publicly advertise and directly solicit participation; and
- (v) Contract negotiation with the most highly qualified firm to determine compensation that is fair and reasonable based on a clear understanding of the project scope, complexity, professional nature, and the estimated value of the services to be rendered. In the event that a contract cannot be negotiated with the most highly qualified firm, negotiation continues in order of qualification.

(c) The Borrower will not begin construction of the Project Facility until the Department has reviewed and approved the plans and specifications for the project. In its approvals, the Department may specify changes or conditions to the plans and specifications. The Department must approve any subsequent changes to, or deviations from, approved plans.

(d) The Borrower will ensure that contract wages paid are the higher of the State or Federal wage rate on a classification by classification basis for the construction of the Project Facility. Both prevailing wage rates

established for the locality by the Alaska Department of Labor under AS 36.05.010, and Federal standards in accordance with subchapter IV of chapter IV of chapter 31 of Part A of subtitle II of Title 40, U.S.C.

(commonly referred to as the "Davis Bacon Act") apply. In addition, the Borrower will consult with the Department on any required contract or bid document language to ensure that appropriate federal "Davis Bacon Act" material is included in the documentation.

(e) Any construction contract estimated to equal or exceed \$50,000 will be awarded through a competitive bidding process and any construction contract estimated to be less than \$50,000 may be negotiated if the Department approves the solicitation and negotiation procedures.

(f) All construction contracts and contractors' estimate forms will be prepared so that materials and equipment may be readily itemized as to allowable project costs and non-eligible costs.

(g) Any change in a construction contract that will alter the contract specifications, time, price or will substantially modify the proposed treatment process must be submitted to the Department for approval if the Borrower wishes to have the modifications considered loan eligible.

(h) The construction of the Project Facility will conform to applicable federal, state, and local laws, ordinances, and regulations.

(i) The Borrower will proceed expeditiously and complete the Project Facility in accordance with the Approved Application, project schedule, surveys, plans, profiles, cross-sections, specifications, and amendments.

(j) American Iron and Steel: None of the funds made available to the Borrower shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States. If ADEC approved engineering plans and specifications prior to December 16, 2014, the project is excluded from AIS requirements. Consideration for other exclusions to this requirement are as follows: being inconsistent with the public interest; iron and steel products that are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or inclusion of iron and steel products produced in the United States that will increase the cost of the overall project by more than 25 percent. For these exclusions to apply, a request for a waiver must be submitted to the Department who will then

forward it on to the Environmental Protection Agency (EPA) for consideration of approval. EPA will make available to the public on an informal basis (EPA's public internet web site) a copy of the request and information available to the Administrator concerning the request, and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request.

Section 3.3. The Borrower agrees to administer this loan in a non-discriminatory manner. No person shall be discriminated against based on race, religion, color, national origin, gender or disability. In addition, all contracts issued by the Borrower under this loan agreement must include the following statement:

"The contractor shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The contractor shall carry out applicable requirements of 40 CFR Part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies."

Section 3.4. When applicable, the Borrower will comply with Title I-Employment of the Americans with Disabilities Act of 1990 (P.L. 101-336) and in accordance with Title I of that Act, shall not discriminate against a qualified individual with a disability because of the disability of such individual in regard to job application procedures, the hiring, advancement, or discharge of employees, employee compensation, job training, and other terms, conditions, and privileges of employment.

Section 3.5. When applicable, the Borrower will comply with Title II-Public Services of the Americans with Disabilities Act of 1990 (P.L. 101-336) and in accordance with Title II of the Act, no qualified individual with a disability shall, by reason of such disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by any such entity.

Section 3.6. When applicable, the Borrower will comply with Title II, Part 35, Section 35.151 of the Americans with Disabilities Act "New Construction and Alterations."

- (a) Design and construction: Each facility or part of a facility constructed by, on behalf of, or for the use of a public entity shall be designed and

constructed in such manner that the facility or part of the facility is readily accessible to and usable by individuals with disabilities, if the construction was commenced after January 26, 1992.

(b) Alteration: Each facility or part of a facility altered by, on behalf, of or for the use of a public entity in a manner that affects or could affect the usability of the facility or part of the facility shall, to the maximum extent feasible, be altered in such manner that the altered portion of the facility is readily accessible to and usable by individuals with disabilities, if the alteration was commenced after January 26, 1992.

(c) Accessibility standards: Design, construction or alteration of facilities in conformance with the Uniform Federal Accessibility Standards (UFAS) (Appendix A to 41 CFR part 101-19.6) or with the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (ADAAG) (Appendix A to 28 CFR Part 36) shall be deemed to comply with the requirements of this section with respect to those facilities, except that the elevator exemption contained at section 4.1.3(5) and section 4.1.5(1)(j) of ADAAG shall not apply.

Section 3.7. When applicable, the Borrower will comply with Title III, Part 36, Section 36.401 of the Americans with Disabilities Act "New Construction." Except as provided in paragraph (b) and (c) of the Act, discrimination for purposes of this part includes a failure to design and construct facilities for first occupancy after January 26, 1993, that are readily accessible to and usable by individuals with disabilities.

Section 3.8. When applicable, the Borrower will comply with Title III, Part 36, Section 36.402 of the Americans with Disabilities Act "Alterations."

(a) General: Any alteration to a place of public accommodation or a commercial facility, after January 26, 1992, shall be made so as to ensure that, to the maximum extent feasible, the altered portions of the facility are readily accessible to and usable by individuals with disabilities, including individuals who use wheelchairs.

(b) Alteration: An alteration is a change to a place of public accommodation or a commercial facility that affects or could affect the usability of the building or facility or any part thereof.

Section 3.9. The Borrower shall fully comply with Subpart C of 40 CFR Part 32, entitled "Responsibilities of Participants Regarding Transactions." The Borrower is

responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 40 CFR Part 32, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. The Borrower is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. The Borrower acknowledges that failing to disclose the information required under 40 CFR 32.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment.

Section 3.10. The Borrower will comply with the disadvantaged business enterprise requirements of the State Revolving Loan Fund program, and will require its contractors to also meet these requirements.

Section 3.11. When applicable, the Borrower will require each construction contractor to furnish a performance and payment bond in an amount at least equal to 100 percent of the contract price.

Section 3.12. The Borrower will require its contractors and subcontractors to maintain workers compensation, commercial general liability, property damage, and vehicle liability insurance. Until the Project Facility is completed by the Borrower, the Borrower (or at the option of the Borrower, the contractor) will maintain insurance for the loss of the facility for the benefit of the Department, the Borrower, the prime contractor, and all subcontractors, as their interests in the Project Facility may appear.

Section 3.13. Subject to the terms and conditions of this Agreement, the eligible project costs less other funding sources will be disbursed by the Department upon submittal and departmental approval of invoices.

Section 3.14. If this project finishes under the estimated cost of construction, it will be funded only as necessary to complete the project.

Section 3.15. Upon completion of the Project Facility, the Borrower shall provide a statement to the Department of the project final costs by category of expenditure, including but not limited to costs for: administration, design, construction engineering, construction and equipment.

SECTION IV - PARTICIPATION PAYMENTS BY THE BORROWER

Section 4.1. This loan is made to the Borrower from the Alaska Clean Water Fund for the maximum amount of \$7,000,000.

Section 4.2. The Borrower agrees to repay the principal amount and the finance charge rate on all cash draws made to the Borrower according to the repayment schedule, which will be prepared by the Department and confirmed by the Borrower following initiation of operation of the facility. The repayment schedule for the actual amount of loan payments made to the Borrower will provide that:

- (a) The Borrower will pay a finance charge of 1.5 percent on each disbursement. Accrual of the finance charge will begin one year after the date of the first disbursement to the Borrower.
- (b) The loan amount will be paid back within 20 years following initiation of operation of the facility. Repayment of the loan will be made with either equal annual principal payments plus the finance charge or equal annual total payments including the finance charge. Other repayment methods may be negotiated with the Department.
- (c) The first installment payment will be due within one year following substantial completion and initiation of operation of the facility.

Section 4.3. The Borrower assures the Department that the Borrower has not pledged revenues for the repayment of its loan that have been previously pledged or encumbered, unless specifically set forth in the Borrower's approved application. The pledged revenues for repayment of the loan and each separate source of revenue are specifically identified and described in the Borrower's submitted application.

Section 4.4. In the event that any of the revenues pledged by the Borrower for the repayment of its loan are encumbered by a lien of any prior outstanding debt, the Borrower will furnish the Department with legal assurance that the excess of such prior encumbered revenues are legally available for pledging to the Alaska Clean Water Fund.

Section 4.5. The Borrower agrees that if pledged revenues are insufficient to meet any loan payment to the Department when due, the Borrower will pay the deficiency in its loan payment from any legally available funds accruing to or in the possession of the Borrower. Repayment of the loan which is the subject of this loan agreement shall not be a direct and general obligation of the Borrower.

Section 4.6. If a repayment is received by the Department more than 30 days after it is due, the Borrower will be subject to a late charge in accordance with the following conditions.

If the Borrower is in good standing with the Department and has no late payments on any loans within the last five years:

- (a) And a payment is more than two months late a 1% charge will be applied against the outstanding amount due.
- (b) And a payment is more than three months late a 3% charge will be applied against the outstanding amount due.
- (c) And a payment is more than four months late a 5% charge will be applied against the outstanding amount due.

If the Borrower has had late loan payments in the last five years.

- (a) And a payment is more than one month late a 1% charge will be applied against the outstanding amount due.
- (b) And a payment is more than two months late a 3% charge will be applied against the outstanding amount due.
- (c) And a payment is more than three months late a 5% charge will be applied against the outstanding amount due.

Additionally, interest on the unpaid balance will continue to accrue at the contract interest rate and must be paid in addition to the late charge. Payments in arrears when the 5% late charge is assessed will be referred to the Department of Law for collection.

Section 4.7. The Borrower agrees that it will separately account for all monies received from the Alaska Clean Water Fund and will maintain project accounts in accordance with generally accepted governmental accounting principles.

Section 4.8. If, prior to completion of the contract period, the Project Facility is damaged or destroyed, the Borrower is liable to the Department for all amounts due under this Agreement.

Section 4.9. The provisions of AS 37.15.575 relating to state aid interception apply to the loan made under this agreement.

SECTION V - MAINTENANCE, OPERATION, INSURANCE and AUDIT

Section 5.1. The Borrower will under amendments to Federal Water Pollution Control Act, under Section 603(d)(1)(E), have a Fiscal Sustainability Plan (FSP) in place by project completion or by no later than the time of submission of the final disbursement. A FSP is a living document that is regularly reviewed, revised, expanded, and implemented as an integral part of the operation and management of the system. This plan, at a minimum, includes the following:

- (a) An inventory of critical assets that are a part of the treatment works;
- (b) An evaluation of the condition and performance of inventoried assets or asset groupings;
- (c) A certification that the Borrower has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
- (d) A plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

The Borrower will be required to develop the plan that covers the funded project and closely associated components before the last disbursement is made. The Borrower must certify on a Department supplied form that they have developed and are implementing a FSP. Department specific FSP development criteria may either be obtained through the contact information given under Section 6.1 of this agreement, or through the Department's web site at the following web address:

dec.alaska.gov/water/muniloan/pdfs/FiscalSustainabilityPlans_7-21-15.pdf

Section 5.2. If applicable, the Borrower agrees to prepare a manual for operation and maintenance of the facility which is approved by the Department.

Section 5.3. The Borrower must ensure that the Project Facility is given a final inspection and is certified complete to the Department.

Section 5.4. The Borrower must ensure that a Department approved sewer use ordinance and a user charge system are adopted prior to initiation of operation of the facility.

Section 5.5. The Borrower shall initiate operation of the Project Facility immediately upon completion of construction and may not discontinue operation of the Project Facility without Departmental approval. Within one year after the

initiation of operation, the Borrower must certify to the Department that the facility is performing up to design standards. The Borrower must ensure that sufficient qualified operating personnel certified by the State of Alaska will be retained to operate the Project Facility. Nothing contained in this Agreement shall be construed as an obligation or pledge of the Borrower to appropriate or expend general funds and general revenues of the Borrower to operate or maintain the Project Facility.

Section 5.6. If applicable, until the Project Facility is completed by the Borrower, the Borrower (or at the option of the Borrower, the contractor) will maintain insurance for the loss of the facility for the benefit of the Department, the Borrower and the prime contractor, and all subcontractors, as their interests in the Project Facility may appear. The Borrower agrees to insure the Project Facility against loss or damage in an amount at least equal to the Allowable Project Cost specified in Section 1.1(g).

Section 5.7. If applicable, an insurance policy issued pursuant to Section 5.5 must be written or endorsed to make losses payable to the Department and the Borrower as their interests may appear. The interests of the Department are limited to the unpaid principal balance of the loan and any finance charge and penalties accrued as of the date such loan may be paid in full as a result of any insurance payoff, following destruction or damage to the facility.

Section 5.8. In the event the Borrower fails to maintain the full insurance coverage required by this Agreement, the Department may take out the required policies of insurance and pay the premiums. All amounts so advanced by the Department will become an additional obligation of the Borrower to the Department.

Section 5.9. The Borrower agrees to submit a financial report for the Project Facility for Departmental approval within one year after initiation of operation of the facility. If applicable, a project audit performed by the Department will cover the entire multi-year project.

Section 5.10. Financial assistance received under this loan agreement is considered federal assistance and is to be included when determining the threshold amount for a Federal Single Audit. However, financial assistance received under this loan agreement is not subject to State Single Audit

SECTION VI - MISCELLANEOUS PROVISIONS

Section 6.1. Any disbursement or repayment made under this Agreement by the Department or Borrower shall be delivered by electronic transfer, registered or certified mail, courier service or delivered personally.

(a) Any repayment addressed to the Department will be sent or delivered personally to:

Alaska Department of Environmental Conservation
Division of Water - Municipal Grants & Loans Program
Attn: MAT
410 Willoughby Avenue, Suite 303
P.O. Box 111800
Juneau, Alaska 99811-1800

(b) Any disbursement addressed to the Borrower will be sent to or delivered personally to:

Matanuska-Susitna Borough
350 E. Dalia Avenue
Palmer, AK 99645

Section 6.2. Disbursement Requests and Progress Status Reports shall be submitted to the Department via the Division of Water's Online Application System (OASys). OASys may be accessed at the following link:

<http://dec.alaska.gov/water/MuniGrantsLoans/index.htm>

At minimum, Disbursement Requests must be submitted to the Department quarterly, but no more frequently than once per month.

Progress Status Reports must be submitted to the Department on a quarterly basis, within 30 days following the end of each quarter.

Should the Borrower fail to submit quarterly progress status reports as required, the Department will not process subsequent pay requests until all outstanding quarterly report(s) are received.

Section 6.3. Departmental approvals required by this Agreement will not be unreasonably withheld.

Section 6.4. This Agreement is made subject to, and conditional upon, the availability of funds.

Section 6.5. This Agreement is effective as of the date set forth above and continues in full force and effect until the final day of the Contract Period.

Section 6.6. This Agreement is binding upon the parties specified below, and to any person, office, or board succeeding either of the parties. This Agreement may not be assigned by the Borrower without written consent of the Department.

Section 6.7. The Department may cancel all or any part of this Agreement if:

- (a) Any representation or other statement made by the Borrower to the Department in connection with its application for a loan from the Alaska Clean Water Fund is incorrect or incomplete in any material respect;
- (b) The Borrower has violated commitments made by it in its Approved Application and supporting documents, has not adhered to the regulations of the Alaska Clean Water Fund (18 AAC 76), has violated any of the terms of this Agreement; or
- (c) The financial position of the Borrower has, in the opinion of the Department, suffered a materially adverse change.

Section 6.8. No portion of the Loan amount may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

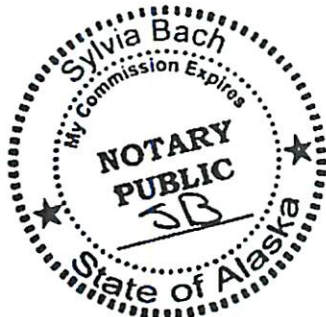
Section 6.9. Nothing in this Agreement, whether or not accepted, may be deemed to constitute a contractual obligation on the part of the Department until the Agreement is signed by all parties.

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

By: Michelle Hale
Michelle Hale, Director
Division of Water

**ACKNOWLEDGEMENT
STATE OF ALASKA
First Judicial District**

The foregoing instrument was acknowledged before me this 27 day of
JUNE, 2017



Sylvia Bach
Notary Public, State of Alaska

My commission expires: with office

MATANUSKA-SUSITNA BOROUGH

By: _____
Matanuska-Susitna Borough

**ACKNOWLEDGEMENT
STATE OF ALASKA
First Judicial District**

The foregoing instrument was acknowledged before me this _____ day of
_____, 2017

Notary Public, State of Alaska

My commission expires: _____



Im17-136
OR17-101
RS17-057

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

By: _____
Nikolay Barkov, Finance Officer
Division of Administrative Services

**ACKNOWLEDGEMENT
STATE OF ALASKA
Third Judicial District**

The foregoing instrument was acknowledged before me this _____ day of
_____, 2017

Notary Public, State of Alaska

My commission expires: _____

Im17-136
OR17-101
RS17-057

Adopted: 01/12/16

**MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 16-001**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING A LOAN APPLICATION TO THE ALASKA STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, ALASKA CLEAN WATER FUND, FOR THE AMOUNT OF \$7,000,000 FOR DESIGN AND CONSTRUCTION OF A NEW LINED CELL TIED TO THE EXISTING LEACHATE SYSTEM AND ADJACENT LANDFILL CELLS AT THE CENTRAL LANDFILL.

WHEREAS, the Matanuska-Susitna Borough Solid Waste Division currently operates the Central Landfill under a Alaska State Department of Environmental Conservation permit; and

WHEREAS, the current lined landfill cell no. 3 is nearing capacity; and

WHEREAS, design and construction of a new lined landfill cell and leachate collection system must begin in the summer of 2018; and

WHEREAS, the Matanuska-Susitna Borough wishes to apply for a loan from the Alaska State Department of Environmental Conservation, Alaska Clean Water Fund, that may be available; and

WHEREAS, the Alaska State Department of Environmental Conservation requires a resolution from the Matanuska-Susitna Borough Assembly authorizing an application for this loan to be submitted with the loan application; and

WHEREAS, an ordinance will be submitted to the Matanuska-Susitna Borough Assembly for authorization for the Borough to

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RS17-057

incur the debt once approval has been received from the State of Alaska; and

WHEREAS, the estimated payment amount for principle and interest on this loan is \$405,338.16 per year for 20 years; and

WHEREAS, these payments will be made using revenues generated through waste disposal fees requiring a five dollar per ton rate increase in fiscal year 2021 to produce the required revenue.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly authorizes the Manager to apply for a \$7,000,000 loan to be used for design and construction of a new lined landfill cell and leachate collection system from the Alaska State Department of Environmental Conservation, Alaska Clean Water Loan Fund.

ADOPTED by the Matanuska-Susitna Borough Assembly this 12 day of January, 2016.


VERN HALTER, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk
(SEAL)

PASSED - UNANIMOUSLY: Sykes, Beck, McKee, Mayfield, Doty, and Kowalke

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