

AMENDED ~ Resolution No. 351 – 5-15-2012

A RESOLUTION REQUESTING AN ADJUSTMENT IN THE LOAN PAYMENT SCHEDULE TO THE STATE LOAN AND INVESTMENT BOARD FOR CLEAN WATER STATE REVOLVING FUND (CWSRF) LOAN # 80 ON BEHALF OF THE TOWN OF ALPINE.

WHEREAS, in October of 2007, the Town of Alpine obtained through the State Loan and Investment Board a Clean Water Act State Revolving Fund Loan with an original principal balance of \$3,843,530 and 20 year term at 2.5% annual rate for the permitting, design and construction of a regional wastewater treatment plant and related collection system infrastructure;

WHEREAS, annual payment for this CWSRF loan were based upon a financial plan adopted in March of 2008 that assumed revenue from future tap fees and user fees for new residential development in the Alpine area including sewer service areas north of the city limits that are part of the North Star Utility company;

WHEREAS, the recent and ongoing nationwide economic recession has significantly decreased development through the Alpine area since 2008 and thereby significantly decreased the available income that was to be used for the annual loan payment;

WHEREAS, the current loan balance is approximately \$3,193,165.83 and the Town of Alpine is obligated by the current terms of the loan to make annual payments starting in September of 2012 in excess of \$250,000;

WHEREAS; current budget projections of income and expenses for the Sewer Fund predict that the Town of Alpine will be unable to make loan payments past the year 2015 and will be unable to set aside adequate reserves for the treatment plant infrastructure;

WHEREAS, discussion with representative of the State Loan and Investment Board have indicated that neither the 20 year term nor the 2.5% annual rate can, according to current rules and procedures, be modified;

WHEREAS, Sewer Fund revenues are not expected to change significantly for the next several years until growth returns to the Alpine area;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF ALPINE that a formal request be made to the State Loan and Investment Board to adjust the payment schedule for CWSRF #80 to allow for a minimum annual payment of \$100,000 for the next eight (8) years through the year 2019 to allow sufficient time to the Town of Alpine to:

- 1) Develop minimum required reserves for the wastewater treatment plant infrastructure;
- 2) Investigate alternative revenue options to make the required loan payments;
- 3) Investigate rate change with the State Loan Investment Board that may allow interest and debt relief on Clean Water Loans, and;
- 4) Allow the opportunity for growth to return to the Alpine area.

PASSED, APPROVED AND ADOPTED this 7th day of August, 2012.

Vote: 5 Yes, 0 No, 0 Absent, and 0 Abstain.

Attest:


Pamela Poston, Town Clerk


W. Kennis Lutz, Mayor