



February 27, 2024

Rural Development

Rural Utilities Service

Electric Program

1400 Independence
Ave SW, Room 4133
Stop 1510
Washington, DC
20250

Voice 202.720.9540

Mr. Jacob Mercurief
Mayor
City of Saint Paul
950 Gorbach Street
Saint Paul Island, Alaska 99660

Dear Mr. Mercurief:

We are pleased to advise you that a loan guarantee commitment in the amount of \$13,695,000 has been approved for the City of Saint Paul, Alaska (Saint Paul), by the Rural Utilities Service (RUS). Under this commitment, RUS will guarantee a loan designated "B8", in the amount of \$13,695,000 to Saint Paul from the Federal Financing Bank (FFB) under the terms and conditions set forth in the Note Purchase Commitment and Servicing Agreement dated as of January 1, 1992, as amended, between RUS and FFB. The RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, dated May 11, 2023, is enclosed and made a part hereof. Written approval by RUS must be obtained prior to the advancement of any loan proceeds for use for system extensions and additions that are not specifically listed on the enclosed RUS Form 740c.

The "B8" loan contract and related documents, together with instructions, will be forwarded in the future for execution. The "B8" loan is approved with the understanding that the loan documents will be authorized and executed by your organization and returned to us by the date set forth in the letter transmitting the documents.

Before funds are advanced, you should have in place a cybersecurity plan, a supply chain plan, and a plan to comply with cybersecurity requirements of the National Institute of Standards and Technology and the Cybersecurity and Infrastructure Security Agency.

Please note that this letter does not constitute an approval to advance the loan proceeds. Proceeds are eligible for advancement on the "B8" after all conditions below have been met and the proper advance request documentation has been submitted to RUS:

1. The RUS has entered into a contract of guarantee with Saint Paul, and the FFB has agreed, with RUS approval, to make Saint Paul a guaranteed loan of \$13,695,000 to finance the system extensions and additions described on the enclosed RUS Form 740c;
2. Saint Paul has submitted evidence, in form and substance satisfactory to the Administrator, that the conditions in the contract of guarantee have been satisfied to the extent and in the manner prescribed by the Administrator;
3. Saint Paul has submitted evidence, in form and substance satisfactory to the Administrator, that Saint Paul has duly authorized, executed, and has delivered to the Administrator a RUS loan contract, the FFB Note and the Reimbursement Note in the manner prescribed by the Administrator; and,
4. Saint Paul has submitted evidence, in form and substance satisfactory to the Administrator, that Saint Paul has duly authorized, executed, delivered,

recorded, and filed a mortgage or other security instrument, if required, which is in form and substance satisfactory to the Administrator.

- 5. The entire amount of the "B8" RUS Treasury loan commitment of \$13,695,000 made to The City of Saint Paul (Borrower) be placed under special control, and held under conditional agreement until the following special condition has been satisfied as follows:

The Borrower has submitted evidence, satisfactory to the Administrator of notable financial improvement. The financial improvement shall show that financial ratios are at or near the following: TIER 1.10, OTIER 1.025, DSC 1.10, ODSC 1.025.

Please note that the approval of this loan guarantee commitment is an offer to Saint Paul of the "B8" guaranteed loan. Your acknowledgment and acceptance of the "B8" guaranteed loan is subject to the specified terms and conditions identified above.

This award is subject to the provisions contained in the Consolidated Appropriations Act, 2019, Pub. L. 116-6, Division E, Title VII, sections § 744 and 745, as amended and/or subsequently enacted for U.S. Department of Agriculture (USDA) agencies and offices regarding corporate felony convictions and corporate federal tax delinquencies.

Your acknowledgement and acceptance must be received by RUS, no later than 14 calendar days from the date of this letter, otherwise the commitment will be VOID. The Chairman or the Board President authorized by your organization to execute the loan documents must execute by signing, dating and returning the commitment letter via an email attachment to:

Karen Hargrove
Email Address: loancommitment@wdc.usda.gov

If email is not possible, the signed document can be faxed to 1-844-875-8076. The original executed and dated commitment will remain in your files.

Sincerely,

ACKNOWLEDGED AND ACCEPTED BY:

CHRISTOPHER MCLEAN Digitally signed by CHRISTOPHER MCLEAN
Date: 2024.02.27 12:46:52 -05'00'

for ANDY BERKE
Administrator
Rural Utilities Service

Name: _____

Title: _____

Date: _____

Attachment: RUS Form 740c

cc: Mr. Phillip A. Zavadil, City Manager

Borrower and Loan Designation				City of Saint Paul Project	
SECTION A. COST ESTIMATES (cont.)				Borrower's Cost Estimates	RUSUSE ONLY
500	e. Substation, Switching Station, Metering Point Changes				
	<u>Station Designation</u>	<u>Description of Changes</u>			
	501			\$0	
	502			0	
	503			0	
	504			0	
	505			0	
	506			0	
	507			0	
	508			0	
	509			0	
	<i>Subtotal</i>			\$0	
600	f. Miscellaneous Distribution Equipment				
601	(1) Transformers and Meters				
	<u>Construction</u>		<u>Transformers</u>	<u>Meters</u>	
	URD 1 PH	@	1 PH	0 @	\$0
	URD 3 PH	@	3 PH	0 @	\$0
	OH 1 PH	@	1 PH AMR Unit	0 @	\$0
		@	3 PH AMR Unit	0 @	\$0
	<i>Subtotal code 601 ... (included in total of all 600 codes below)</i>			\$285,000	\$285,000
602	(2) Sets of Service Wires to increase Capacity			664,386	\$664,386
603	(3) Sectionalizing Equipment			3,823,384	\$3,823,384
604	(4) Regulators			0	
605	(5) Capacitors			0	
606	(6) Miscellaneous Replacements Poles and Associated Hardware Replacements				
607	(7) Miscellaneous Replacements				
608	(8) Non-site Specific URD to URD or OH to OH Conductor Replacements in the same right of way			0	
609	(9) Unassigned			0	
610	(10) Unassigned			0	
611	(11) Unassigned			0	
612	(12) Step Up/Down Transformers			0	
613	(13) Min/Max Meters			0	
614	(14) Unassigned			0	
615	(15) Communications			0	
	<i>Subtotal ALL 600 codes.....</i>			\$4,772,770	\$4,772,770
700	g. Other Distribution Items				
701	(1) Engineering Fees			\$0	
702	(2) Security Lights				
703	(3) Reimbursement of General Funds	Consumers	Miles	0	
704	(4) Load Management & SCADA			0	
705	(5) Automated Meter Reading Equip.			0	
706	(6) Broadband over Power line (BPL)			0	
	<i>Subtotal</i>			\$0	
TOTAL DISTRIBUTION.....				\$4,772,770	\$4,772,770
800	2. Transmission				
	a. New Line				
	<u>Line Designation</u>	<u>Voltage</u>	<u>Wire Size</u>	<u>Miles</u>	
	801				\$0
	802				0
	803				0
	804				0
	805				0
	806				0
	807				0
	808				0
	<i>Subtotal Code 800</i>			0.00	\$0

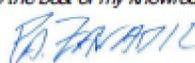
COST ESTIMATE AND LOAN BUDGET FOR ELECTRIC BORROWERS			BORROWER AND LOAN DESIGNATION	
			City of Saint Paul AK0000	
SECTION A. COST ESTIMATES (cont.)			BORROWER'S COST ESTIMATES	RUS USE ONLY
900	b. New Substation, Switching Station, etc.			
	<u>Station Designation</u>	<u>kVA</u>	<u>kV TO kV</u>	
901	_____	_____	_____	\$0
902	_____	_____	_____	0
903	_____	_____	_____	0
904	_____	_____	_____	0
905	_____	_____	_____	0
906	_____	_____	_____	0
907	_____	_____	_____	0
	<i>Subtotal Code 900</i>			\$0
1000	c. Line and Station Changes			
	<u>Line/Station Designation</u>	<u>Description of Changes</u>		
1001	_____	_____		\$0
1002	_____	_____		0
1003	_____	_____		0
1004	_____	_____		0
1005	_____	_____		0
1006	_____	_____		0
1007	_____	_____		0
1008	_____	_____		0
1009	_____	_____		0
	<i>Subtotal Code 1000</i>			\$0
1100	d. Other Transmission Items			
1101	(1) R/W Procurement	_____		\$0
1102	(2) Engineering Fees	_____		0
1103	(3) Reimbursement of General Funds	Miles	_____	0
1104	(4) Pole and Associated Hardware Replacement	_____		0
1105	(5) Other Transmission	_____		0
	<i>Subtotal</i>			\$0
	TOTAL TRANSMISSION.....			\$0
1200	3. GENERATION (including Step-up Station at Plant)			
1201	a. Fuel <u>Diesel</u>	Nameplate Rating	<u>1,503 *</u> kW	\$5,258,026
1202	b. Fuel System Replacement	_____		\$2,317,628
1203	Switchgear Upgrades	_____		\$1,047,386
1204	Waste Heat System Upgrades	_____		\$300,000
	TOTAL GENERATION.....			\$8,923,040
1300	4. HEADQUARTERS FACILITIES			
1301	a. New or additional Facilities	(Attach RUS Form 740g)		\$0
1302	b. _____	_____		0
	TOTAL HEADQUARTERS FACILITIES.....			\$0

RUS Form 740c (V5,5/29/09)

PAGE 3 OF 4 PAGES

* The Nameplate Rating includes completion and commissioning of Unit 2 rated at 377 kW and the installation of new gensets for Units 1, 3 & 4 at a total rating of 1,126 kW. Also, the cost estimate of \$5,28,026 includes the refiguration of the cooling and heat recovery system and other associated generation facilities.

Official

COST ESTIMATE AND LOAN BUDGET FOR ELECTRIC BORROWERS		BORROWER AND LOAN DESIGNATION	
		City of Saint Paul AK	
SECTION A. COST ESTIMATES (cont.)		BORROWER'S COST ESTIMATES	RUS USE ONLY
1400	5. ACQUISITIONS		
1401	a. _____ Consumers _____ Miles	\$0	
1402	b. _____	0	
	TOTAL ACQUISITIONS.....	\$0	
1500	6. ALL OTHER		
1501	GIS Computer Hardware	\$0	
1502	GIS Computer Software	0	
1503	Initial Data Collection Field Inventory Costs	0	
1504-1511	Energy Efficiency and Conservation	0	
1512	All Other	0	
	TOTAL ALL OTHER.....	\$0	
SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING			
1. GRAND TOTAL - ALL COSTS.....		\$13,695,810	\$13,695,810
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES			
a. Loan Funds.....		\$0	
b. Materials and Special Equipment.....		0	
c. General Funds.....			
	Purpose 1 \$0 \$810 K.S.		
	Purpose 2 \$0		
	Purpose 3 \$0		
	Purpose 4 \$0		
	Purpose 5 \$0		
	Purpose 6 \$0		
	Total General Funds Applied.....	\$0 \$810	
d. Total Available Funds and Materials.....		\$0	\$810
3. NEW FINANCING REQUESTED FOR FACILITIES.....		\$13,695,810	\$13,695,000
4. RUS LOAN REQUESTED FOR FACILITIES.....		100%	\$13,695,810
5. TOTAL SUPPLEMENTAL LOAN REQUESTED.....		\$0	\$0
N/A			
Name of Supplemental Lender			
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only) ...		0%	\$0
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES.....		0%	\$0
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-14)*		\$0	\$0
* Identify in section A by budget purpose and separate subtotals.			
SECTION C. CERTIFICATION			
We, the undersigned, certify that:			
1. Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.			
2. Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.			
3. The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with 7 CFR 1710.401(a)(3)			
5/11/2023			
Date		Signature of Borrower's Manager	
5/11/2023			
Date		Signature of Borrower's President	
City of Saint Paul, AK			
Corporate Name of Borrower			
GFR Initials		RODNEY PEACH	



CITY OF SAINT PAUL

ALASKA

USEFUL LIFE CERTIFICATION

AK0080 B8 Loan

~~AK0000~~

K.S.

Borrower and Loan
Designation

STATEMENT

Statement certifying that at least 90% of the Loan funds are for facilities with a useful life of 33 years or longer as required by 7 CFR 1710.115.

To facilitate the determination of the final maturity for this RUS Loan,

_____ does hereby certify that:

At least 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer.

Less than 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer. A schedule has been attached to this statement listing the facilities with an anticipated useful life of less than 33 years, the anticipated useful life of those facilities and the associated cost estimates (see attached).

01/25/2023

Date

Title: City Manager

Official