



City of Selawik

P.O. Box 99 • Selawik, Alaska 99770
(907) 484-2132 • Fax (907) 484-2209
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May 17, 2002

Meera Kohler
President and CEO
Alaska Village Electric Cooperative, Inc.
4831 Eagle Street
Anchorage, AK 99522

**SUBJECT: Site Control and R&R Fund Resolutions passed
West Selawik Tank Farm and Power Plant Project**

Dear Ms. Kohler:

I am pleased to report that the City Council of Selawik passed Resolutions 02-08 and 02-09 at its meeting of May 10, 2002. Resolution 02-08 pledges the city to set up and fund a renewal and replacement account for the City's portion of the West Selawik Tank Farm with a target value of \$134,000 plus earnings in 40 years based on an estimated installed value of \$335,000. Resolution 02-09 provides AVEC site control to an 8-acre parcel for construction of the tank farm, pipelines, power plant, distribution system and wind farm.

I have delivered signed supporting documents including a project Memorandum of Agreement, Right of Entry, Quitclaim Deed, and Fuel Fill Line Use Agreement to AVEC on May 16, 2002. Unfortunately the fully executed resolutions were left in Selawik and I will have to forward copies to you when I return to Selawik. In the meantime attached are identical copies of the text of the resolutions for you to forward to the Denali Commission for use in project documentation.

The City of Selawik looks forward to working with AVEC, the Denali Commission and others on this important project.

Sincerely,

Leon Kiana
City Administrator



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RESOLUTION NO. 02-098

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SELAWIK, ALASKA, AUTHORIZING THE ADMINISTRATOR OF THE CITY OF SELAWIK TO SET-UP AN INTEREST-BEARING RENEWAL & REPLACEMENT (R&R) ACCOUNT.

WHEREAS, the Alaska Village Electric Cooperative, Inc., (AVEC) has received funding from the Denali Commission to renovate its fuel storage and handling facilities at Selawik, including the City of Selawik's bulk fuel storage farm; and

WHEREAS, the Denali Commission requires an establishment of an interest-bearing, managed savings account; and

WHEREAS, the City Council of Selawik needs to secure an interest-bearing, managed, savings account in order to meet the Denali Commission's requirements by setting aside funds for renewal and replacement (R & R) and maintenance of the City's portion of this project; and

WHEREAS, said account requires two signatories and a resolution for withdrawal of funds (see attached sample resolution); and

WHEREAS, the City Council of Selawik hereby authorizes one City Council Member and the Administrator of the City Council to be the signatories on the account; and

WHEREAS, said account shall be for only renewal and replacement expenses of the City portion of the bulk fuel facility; and

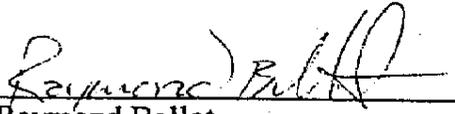
WHEREAS, a Renewal and Replacement Schedule shall be developed to recalculate estimated contributions based upon actual costs; and

WHEREAS, this project will be beneficial to the community and the City of Selawik; and

NOW THEREFORE BE IT RESOLVED by the City Council of the CITY OF SELAWIK that the Administrator of the CITY OF SELAWIK is hereby authorized and empowered to set up an interest-bearing account for the Bulk Fuel Project on behalf of the CITY OF SELAWIK and to make annual deposits of a minimum of \$3500 to the account; and

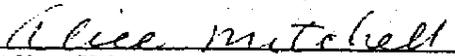
AND BE IT FURTHER RESOLVED, that at least once every five years the City will periodically review deposits to the renewal and replacement fund in conjunction with the Denali Commission or its authorized representative and consider any adjustments that may be required.

This Resolution was passed on a duly called regular meeting of the City Council held on the 10th day of May, 2002 by a vote of 5 votes for, 0 vote against and 0 votes abstaining.



Raymond Ballot
Mayor, City of Selawik

ATTEST:



Alice Skin
Clerk, City of Selawik