
MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2019-87

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING A BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,500,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN PROJECTS OF THE STORMWATER UTILITY OF THE MUNICIPALITY.

Prepared by

K&L GATES LLP

**MUNICIPALITY OF ANCHORAGE
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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this ordinance.

Requested by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Cynthia M. Weed
Bond Counsel, K&L Gates LLP
For Reading: July 9, 2019

**MUNICIPALITY OF ANCHORAGE, ALASKA
ORDINANCE No. 2019-87**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING A BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,500,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN PROJECTS OF THE STORMWATER UTILITY OF THE MUNICIPALITY.

WHEREAS, the Municipality of Anchorage, Alaska (the "Municipality") is in the process of determining the need to establish a stormwater utility (the "SWU") pursuant to Section 16.01 of the Home Rule Charter (the "Charter") and Ordinance No. AO 2019-88; and

WHEREAS, if the SWU is established, the Constitution and statutes of the State of Alaska and Article XV of the Charter of the Municipality permit the Municipality to issue bonds payable out of the revenues of SWU without ratification by an election; and

WHEREAS, should the Municipality decide it is in its best interest to establish the SWU, the Municipality has determined to establish a borrowing program to meet SWU's financial needs; and

WHEREAS, the Municipality now deems it to be in the best interest of the inhabitants of the Municipality to provide for the financing of the Projects (hereinafter defined) by the execution of documentation for a borrowing program (hereinafter defined as the "Borrowing Program") with an aggregate principal amount of not to exceed \$1,500,000; and

WHEREAS, it is necessary to establish the terms of the Borrowing Program by ordinance; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Purpose. The purpose of this ordinance is to approve and provide for the execution of a program of short term borrowing or intermediate term borrowing in the form of a loan agreement or revenue notes or bonds having a subordinate lien on the Net Revenue of the SWU in the aggregate principal amount not to exceed

1 \$1,500,000, to provide moneys to finance and/or reimburse the costs of the Projects,
2 to provide for reserves, if any, and to pay costs of issuance (“Borrowing Program”).
3

4 **Section 2. Definitions.** As used in this ordinance, unless a different meaning
5 clearly appears from the context:
6

7 **Agreements** mean the agreements, including but not limited to borrowing
8 and loan agreements and reimbursement agreements evidencing the
9 Municipality’s Debt Obligations with respect to the Borrowing Program.

10
11 **Assembly** means the general legislative authority of the Municipality, as the
12 same may be constituted from time to time.
13

14 **Borrowing Program** has the meaning given such term in Section 1 of this
15 ordinance.
16

17 **Charter** means the Anchorage Municipal Charter as the same may be
18 amended from time to time.
19

20 **Chief Fiscal Officer** means the chief fiscal officer of the Municipality
21 appointed and confirmed pursuant to Section 5.05 of the Charter or his/her
22 designee.
23

24 **Dealer(s)** means one or more dealers if the Borrowing Program includes the
25 issuance of commercial paper.
26

27 **Dealer Agreement(s)** means the dealer agreement(s) for each series of
28 commercial paper notes between the Municipality and the Dealers if the
29 Borrowing Program includes the issuance of commercial paper.
30

31 **Debt Obligations** means Note or Notes, bond or bonds, Agreements or any
32 other debt obligations issued under the Borrowing Program. Debt
33 Obligations may bear interest that is either federally taxable or tax-exempt.
34

35 **Municipality** means Anchorage, Alaska, a municipal corporation organized
36 and existing under the Constitution and laws of the State of Alaska.
37

38 **Municipal Utility Service Assessments** or **MUSA** means assessments
39 levied pursuant to Anchorage Municipal Code 26.10.025, as the same may
40 be further amended, repealed and superseded from time to time and any
41 successor assessments levied by the Municipality against the SWU, to be
42 paid in lieu of property taxes for governmental services.
43

44 **Net Revenue** means Revenues less Operation and Maintenance Expenses.
45

1 **Note** or **Notes** means any of the subordinate lien stormwater utility revenue
2 notes of the Municipality the issuance and sale of which are approved herein.

3
4 **Operation and Maintenance Expenses** means the current expenses
5 incurred for operation, maintenance and repair of the SWU of a non-capital
6 nature. **Operation and Maintenance Expenses** shall not include any
7 transfer of money to other funds of the Municipality or the payment of license
8 fees, or MUSA or allowances for depreciation or amortization of any principal
9 or redemption price or purchase price of, or interest on, any obligations of the
10 Municipality incurred in connection with and payable from Revenues.

11
12 **Projects** means the SWU purposes indentified in Section 3 of this ordinance.

13
14 **Registrar** means the financial institution, if any, selected by the Chief Fiscal
15 Officer to perform the duties of the authenticating agent, paying agent and
16 registrar under this ordinance and a Registrar Agreement.

17
18 **Registrar Agreement** means each agreement(s), whether designated as an
19 issuing and paying agent agreement, trust agreement, loan agreement or
20 otherwise, between the Municipality and the Registrar, with respect to each
21 series of Debt Obligations.

22
23 **Revenue Fund** means the Stormwater Utility Revenue Fund, which fund
24 names may be changed prior to closing, as directed by the Chief Fiscal
25 Officer, of the Municipality into which the Municipality has pledged that all of
26 the Revenues of the SWU shall be paid as collected.

27
28 **Revenues** means all rates and charges and other income and receipts in
29 each case derived by or for the account of the Municipality from the
30 ownership, leasing or operation of the SWU, except proceeds from the sale
31 of the bonds or notes, any grants received for SWU and interest received and
32 profits derived from the investment of moneys obtained from such sources or
33 from moneys held in any fund solely to pay or secure the payment of any
34 bonds, notes or other obligations issued in connection with the SWU.

35
36 **Subordinate Lien Debt Obligation Fund** means the special fund
37 designated as the “Anchorage Subordinate Lien Stormwater Utility Revenue
38 Debt Obligation Fund.”

39
40 **SWU** means the Stormwater Utility of the Municipality as the same may be
41 added to, improved and extended for as long as the Notes remain
42 outstanding. The SWU shall also include any other utility of the Municipality
43 that is hereafter combined with the SWU.

44
45 **Interpretation.** Notwithstanding the foregoing definitions, the Chief Fiscal Officer
46 may maintain such separate funds and accounts in such names and under such

1 additional designations as shall be required or advisable to comply with the
2 accounting standards and conventions followed by the Municipality. The use of the
3 term “Fund” is intended to meet legal requirements and is not intended to be defined
4 as prescribed by generally accepted accounting principles.

5
6 **Section 3. Authorization of Borrowing Program.** The Municipality hereby
7 authorizes borrowing and re-borrowing of not to exceed \$1,500,000 to be evidenced
8 by one or more loan agreements or reimbursement agreements (“Agreements”) or
9 notes, bonds or commercial paper in one or more series and/or subseries to be
10 entered into from time to time (“Debt Obligations” and collectively with Agreements,
11 the “Borrowing Program”). The terms of the Borrowing Program shall be set forth in
12 more detail in one or more agreements, a Registrar Agreement, notes, bonds or
13 commercial paper. If the Borrowing Program is in the form of notes, bonds or
14 commercial paper, the Chief Fiscal Officer may select a banking institution (the
15 “Registrar”) to act as paying agent and authenticating agent. The Borrowing
16 Program also may be implemented through loans between the Municipality and
17 financial institution(s) and evidenced by Agreements. The Borrowing Program shall
18 be subject to the terms approved by the Chief Fiscal Officer and set forth in the
19 Agreements and/or Registrar Agreement.

20
21 The final maturity date of all Debt Obligations incurred under the Borrowing
22 Program shall be on or prior to October 31, 2029. The Borrowing Program shall
23 have such terms and conditions as shall be determined by the Chief Fiscal Officer.

24
25 The proceeds of the Borrowing Program shall be used to finance or to
26 reimburse the Municipality for the costs of purchasing, making capital improvements
27 to SWU, costs of operation and/or to fund or provide for reserves, if any, and costs
28 of issuance.

29
30 The aggregate principal amount of Debt Obligations incurred and outstanding
31 at any time under the Borrowing Program shall not exceed \$1,500,000.

32
33 The Municipality hereby irrevocably obligates and binds itself for as long as
34 any Debt Obligation remains outstanding to pay all Net Revenue into the Revenue
35 Fund and to set aside and pay into the Subordinate Lien Debt Obligation Fund from
36 Net Revenue or money in the Revenue Fund, on or prior to the respective dates the
37 same become due (and if such payment is made on the due date, such payment
38 shall be made in immediately available funds):

- 39
40 (1) Such amounts as are required to pay the interest scheduled to
41 become due on the Debt Obligations; and
42
43 (2) Such amounts as are required to pay maturing principal of the Debt
44 Obligations.

The Debt Obligations shall be payable in the manner and from such fund or funds and shall be further secured and subject to the terms and conditions as provided in an Agreement or Registrar Agreement and further as approved by the Chief Fiscal Officer.

The Borrowing Program shall not in any manner or to any extent constitute general obligations of the Municipality or of the State of Alaska, or of any political subdivision of the State of Alaska, and no tax revenues of the Municipality may be used to pay the principal of and interest with respect to the Borrowing Program.

Initially, the Borrowing Program may be implemented as an interfund loan or borrowing from the general cash pool. The Chief Fiscal Officer is hereby authorized to establish the terms and conditions of such interfund loan or borrowing from the general cash pool.

Section 4. Appropriation of Funds. The net proceeds of the Borrowing Program in an amount not to exceed ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) is hereby appropriated to the Office of the Chief Fiscal Officer, Areawide Fund (101000), for the purpose of paying or reimbursing the costs of the Projects, funding reserves, if any, and paying costs of issuance.

Section 5. Form of Negotiable Debt Obligations. If the Borrowing Program includes separate Debt Obligations issued pursuant to a Registrar Agreement, they shall be in substantially the following form with such additions and modifications as shall be appropriate to reflect the final negotiated terms.

UNITED STATES OF AMERICA

No. _____ \$ _____

STATE OF ALASKA
 ANCHORAGE, ALASKA
 SUBORDINATE LIEN STORMWATER
 UTILITY REVENUE [NOTE][BOND]
 SERIES [A][B][Additional Designations]
 [Master Note]

MATURITY DATE: Not later than _____

REGISTERED OWNER:

PRINCIPAL AMOUNT: TOGETHER WITH ALL OTHER NOTES
 OUTSTANDING NOT EXCEEDING _____
 AND NO/100 DOLLARS (\$ _____)

Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to

1 pay to the Registered Owner identified above, or its registered assigns, solely out
2 of the special fund of the Municipality known as the “Anchorage Subordinate Lien
3 Stormwater Utility Revenue Debt Obligation Fund” (the “Subordinate Lien Debt
4 Obligation Fund”) created by the [_____ Agreement, dated _____, (the
5 “Registrar Agreement”) between the Municipality and _____ (the “Registrar”)]
6 on the Maturity Date identified above, the Principal Amount indicated above or so
7 much thereof as shall have been advanced hereunder and remain outstanding and
8 to pay interest thereon, at the rate determined as herein provided at the rates and
9 from and on the dates shown in the records of the Municipality and the Registrar.
10 [Payments of principal of and interest on this [note] shall be made as provided in
11 The Depository Trust Company Operational Arrangements Memorandum dated
12 December 12, 1994, as amended from time to time and referred to in the Blanket
13 Issuer Letter of Representations dated July 1, 1995, between the Municipality and
14 The Depository Trust Company (together, the “Letter of Representations”) for so
15 long as this [note] is held in book entry only form.] _____, _____,
16 _____ has been appointed as the Registrar. Capitalized terms used in this
17 [note] have the meanings given such terms in the Registrar Agreement. Interest on
18 this [note] shall accrue as provided in the Registrar Agreement.
19

20 This [note] is issued pursuant to the Constitution and statutes of the State of
21 Alaska and the Home Rule Charter and duly adopted ordinances and resolutions of
22 the Municipality, including particularly, Ordinance No. AO 2019-___ of the
23 Municipality (the “BP Ordinance”) and the Registrar Agreement for the purpose of
24 paying or reimbursing the costs of [certain capital projects], _____ and to pay
25 costs of issuance.
26

27 Interest on this [note] [is/is not] exempt from federal income taxation. The
28 Municipality has not designated this [note] as a qualified tax-exempt obligation under
29 the Internal Revenue Code of 1986, as amended.
30

31 The Municipality does hereby pledge and bind itself to set aside out of Net
32 Revenue and the money in the Revenue Fund and to pay into the Subordinate Lien
33 Debt Obligation Fund the various amounts required by the Registrar Agreement to
34 be paid into and maintained in said fund all within the times provided in the Registrar
35 Agreement. The Municipality has further pledged and bound itself to pay into such
36 Revenue Fund, as collected, all Net Revenue.
37

38 The pledge of Net Revenue and moneys in the Revenue Fund contained
39 herein and in the Registrar Agreement may be discharged by making provision, at
40 any time, for the payment of the principal of and interest on this [note] in the manner
41 provided in the Registrar Agreement.
42

43 The amounts so pledged to be paid out of said Revenue Fund into the
44 Subordinate Lien Debt Obligation Fund are hereby declared to be a lien and charge
45 upon the money in the Revenue Fund and Net Revenue superior to all other charges
46 of any kind or nature except Operation and Maintenance Expenses, and except for

1 the lien and charge thereon for amounts pledged to the payment of any senior lien
2 stormwater utility revenue obligations of the Municipality, and equal in lien to any
3 Debt Obligations issued in the future by the Municipality pursuant to the BP
4 Ordinance and upon compliance with he terms of each Agreement and Registrar
5 Agreement.

6
7 It is hereby certified that all acts, conditions and things required by the
8 Constitution and statutes of the State of Alaska and the Home Rule Charter,
9 resolutions and ordinances of the Municipality to be done precedent to and in the
10 issuance of this [note] have happened, been done and performed.

11
12 This [note] shall not be valid or binding for any purpose unless and until
13 authenticated by the manual signature of the Registrar.

14
15 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has caused
16 this [note] to be executed with the manual or facsimile signature of its Mayor or
17 Municipal Manager and to be attested with the manual or facsimile signature of the
18 Chief Fiscal Officer and the official seal of the Municipality to be impressed,
19 imprinted or otherwise reproduced hereon, this ____ day of _____, 20__.

20
21 MUNICIPALITY OF ANCHORAGE,
22 ALASKA

23
24
25 By /s/ manual or facsimile signature
26 Mayor/Municipal Manager

27 Attested:

28
29 /s/manual or facsimile signature
30 Chief Fiscal Officer

31
32 (Form of Certificate of Authentication)

33
34 Date of Authentication:

35
36 This [n]ote is one of the Municipality of Anchorage, Alaska, Subordinate Lien
37 Stormwater Utility Revenue [Notes], Series [A][B][additional set designations],
38 described in and issued pursuant to the within mentioned Registrar Agreement.

39
40 _____,
41 as Registrar

42
43 By _____
44 Authorized Signer

45
46

1 In the event the Debt Obligations are no longer held in book-entry only form,
2 the form of Debt Obligations may be modified to conform to printing requirements
3 and the terms of this ordinance and the Agreement.
4

5 Each Agreement also may include a promissory note as an evidence of the
6 indebtedness incurred under the Agreement; however, such promissory notes shall
7 not be negotiable instruments, subject to a Registrar Agreement.
8

9 **Section 6. Authorization of Documents.** In order to implement the Borrowing
10 Program, the Chief Fiscal Officer is hereby authorized and delegated the authority
11 to select financial institution(s) and to negotiate the final terms of each Registrar
12 Agreement and each other Agreements deemed necessary to effectuate the
13 Borrowing Program. The obligations under the Borrowing Program may be secured
14 by a letter of credit, bond insurance and/or a liquidity facility in the form of a standby
15 bond purchase agreement. The Chief Fiscal Officer is authorized and delegated the
16 authority to select the provider(s) of credit support for the Borrowing Program during
17 the course of the Borrowing Program and to negotiate the terms of such loan
18 agreements, credit support and execute credit support documents, including
19 reimbursement notes, at such times and under terms deemed beneficial by the Chief
20 Fiscal Officer. The lenders, Registrar and credit support providers, if any, may be
21 replaced during the Borrowing Program at the option of the Chief Fiscal Officer. The
22 Chief Fiscal Officer is further authorized to approve and execute offering
23 memoranda and all other documentation necessary and desirable in order to
24 implement the Borrowing Program.
25

26 **Section 7. Effective Date.** This ordinance shall be effective immediately upon
27 passage and approval by the Assembly.
28

29 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this
30 ____ day of _____, 2019.
31

32
33
34 By _____
35 Chair of the Assembly

36 ATTEST:
37
38 _____
39 Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 484-2019

Meeting Date: July 9, 2019

1 **From: MAYOR**

2
3 **Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,**
4 **ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING A**
5 **BORROWING PROGRAM FOR THE MUNICIPALITY IN THE**
6 **AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED**
7 **\$1,500,000 FOR THE PURPOSE OF PROVIDING FUNDS TO**
8 **FINANCE CERTAIN PROJECTS OF THE STORMWATER UTILITY**
9 **OF THE MUNICIPALITY.**

10
11 The need for a stormwater utility (the “SWU”) continues to be addressed in a
12 transparent and public process and is now at a point where certain expenditures are
13 required to continue the evaluation process. Additionally, should the Municipality
14 decide it is in its best interest to establish a SWU, the SWU will require funds for
15 start-up costs of establishing the SWU and to finance other projects and
16 expenditures (the “Projects”). The financing plan is anticipated to initially include an
17 interfund loan or borrowing from the general cash pool and then convert to a short
18 term or intermediate term borrowing program supported by the future revenues of
19 the SWU. It is further anticipated that borrowings under the borrowing program
20 would be refunded with long term revenue bonds supported by the revenues of the
21 SWU.

22
23 A borrowing program comprised of a short term or intermediate term borrowing
24 program for the SWU would be much like the Municipality currently has for the Port,
25 ASU, AWU, and ML&P. It is a good, inexpensive interim financing tool to use while
26 the Municipality builds and spends money on capital projects until a level of debt is
27 reached where it makes sense to convert the borrowing program debt to long term
28 revenue bonds.

29
30 Converting the borrowing program from an interfund loan or general cash pool
31 borrowing to a short term or intermediate term borrowing program with a commercial
32 lender would require a decision by the Assembly and Administration to proceed with
33 the ultimate implementation and development of an SWU. A commercial lender
34 would require forecasted ratepayer revenues from the SWU for such a borrowing
35 program. If the Assembly and the Administration ultimately determine not to
36 proceed with the implementation and development of an SWU, any interfund loan
37 or general cash pool borrowed amount outstanding would be required to be repaid
38 by the Municipality’s fund balance of the general fund.

39

1 The attached ordinance authorizes the issuance of a borrowing program and
2 delegates certain responsibilities to the Chief Fiscal Officer. The Administration
3 recommends scheduling a public hearing for this ordinance on July 23, 2019.
4

5 **THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE.**
6

7 Prepared by: Ross Risvold, Public Finance & Investments Manager

8 Approved: Alexander Slivka, CFO

9 Concur: Rebecca A. Windt Pearson, Municipal Attorney

10 Concur: Lance Wilber, Director, Office of Management & Budget

11 Concur: William D. Falsey, Municipal Manager

12 Respectfully submitted: Ethan A. Berkowitz, Mayor

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2019-87 Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING A BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,500,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN PROJECTS OF THE STORMWATER UTILITY OF THE MUNICIPALITY.

Sponsor: Mayor
 Preparing Agency: Finance, Public Finance and Investments Division
 Others Impacted: Stormwater Utility

CHANGES IN REVENUES AND EXPENSES:					
(In Thousands of Dollars)					
	FY19	FY20	FY21	FY22	FY23
Operating Revenues					
TOTAL OPERATING REVENUES:					
Operating Expenses					
4000 Debt Service	--	43.5	43.5	43.5	43.5
TOTAL OPERATING EXPENSES:	--	43.5	43.5	43.5	43.5
Non-Operating Revenues					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses					
TOTAL NON-OPERATING EXPENSES:					
NET INCOME (REGULATED):					
POSITIONS FT/PT and Temp:					

NOTES:

PUBLIC SECTOR ECONOMIC EFFECTS:
 This assumes borrowing \$1,500,000 and paying interest only. Interest rate is assumed to be 2.90%.

PRIVATE SECTOR ECONOMIC EFFECTS:
 A transparent public process has been in place for many years and continues to be in place to evaluate the benefits and need for a Stormwater Utility. If such a Utility is established, those members of the community benefiting from the Utility will become ratepayers of the Utility.