ANCHORAGE, ALASKA
AO No. 2023-88

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF
ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO
EXCEED $25,760,000 FOR THE PURPOSE OF FINANCING A PORTION OF
TWO (2) SOLID WASTE SERVICES (SWS) CAPITAL IMPROVEMENT
PROJECTS AND PROVIDING FOR RELATED MATTERS.

WHEREAS, Anchorage Municipal Code 6.10.045 requires a majority vote of the
Assembly to change “the amount of specific appropriations, project descriptions
and budget years for individual projects within the …utilities’ capital
budgets/capital programs,” and the projects affected by this ordinance may
require such changes; and

WHEREAS, the State of Alaska (State), pursuant to Alaska Statutes 46.03.032
and 18 AAC 76.005 et. seq., established the Alaska Clean Water Fund (Fund), a
fund using U.S. Government grants as authorized by the Safe Clean Water Act,
Amendments of 1996, P.L. 100-4; and

WHEREAS, the Municipality of Anchorage (Municipality) is eligible to borrow from
the Fund for the purposes of planning, designing, constructing, equipping,
modifying, improving and expanding public solid waste disposal and leachate
collection and disposal facilities; and

WHEREAS, the interest rate to be paid by the Municipality on money borrowed
from the Fund is a favorable rate considering other sources of funds available to
the Municipality; and

WHEREAS, the Municipality and Anchorage Solid Waste Services (SWS)
determined it is necessary to proceed to plan, design, develop, construct, equip,
acquire property for, or otherwise obtain items of capital improvements in
connection with the Anchorage Regional Landfill (ARL) Leachate Upgrades
project and Cell 9B/8C project. These Projects, listed in the Alaska Clean Water
Fund Intended Use Plan, are included in an Assembly approved SWS Capital
Improvement Budget; and

WHEREAS, it is necessary, advisable, and in the best interests of the
Municipality and its inhabitants for applications to be submitted and such other
actions as may be necessary be taken to borrow, and accept when approved, an
amount not to exceed $25,760,000 from the Fund for the purpose of financing a
portion of the costs associated with said Projects; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. These Projects, listed in the Alaska Clean Water Fund Intended Use
Plan, are included in the Assembly approved Solid Waste Services Capital
Improvement Budgets and are revised to reflect this financing funding source.

Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing
of, and accepting when approved, an amount not to exceed $25,760,000 from
the Fund in the form of a loan to provide funds to finance a portion of the capital
costs of the Projects; and

Section 3. Authority for Ordinance. It is hereby ascertained and determined that
each and every matter and thing as to which provision is made in this Ordinance
is necessary in order to carry out and effectuate the purposes of the Municipality
in accordance with the Alaska Constitution, Alaska State Statutes, and the
Municipality’s Charter and Code, and to incur the indebtedness authorized by this
Ordinance.

Section 4. Obligation of Loans. The Assembly by Ordinance No. 2018-76 has
pledged the Revenues of the Refuse Collection Utility (RCU) and the Solid
Waste Disposal Utility (SWDU) for sole purpose of paying and securing
RCU/SWDU Obligations. AO 2021-35 amended 2018-76. Each of the RCU and
the SWDU shall continue to be maintained and operated as a separate utility
pursuant to the Article XVI of the Charter and Title 26 of the Anchorage
Municipal Code. As provided by the Charter, the RCU and the SWDU shall
each continue to have a separate budget within the annual municipal budget.
The accounts of the RCU and the SWDU shall continue to be separately kept
and classified in accordance with uniform accounting standards generally
prescribed for public utilities providing the same utility service. Each utility shall
continue to account separately for its respective share of debt service of
RCU/SWDU Obligations secured by Revenues.

The loans from the Fund authorized by this ordinance shall be RCU/SWDU
Obligations, evidenced by loan agreement(s) (“Loan Agreements”) administered
by the State of Alaska Department of Environmental Conservation. The pledge
of Revenues shall be subordinate to the lien on Revenues of Parity Bonds and
Other Senior Obligations as further provided in the Loan Agreement(s).

Section 5. Definitions. As used in this Ordinance, unless a different meaning
clearly appears from the context, the following words are defined as follows:
**Authorized Municipal Representative** means the Chief Fiscal Officer of the Municipality or his/her designee appointed in writing.

**Bond or Bonds** means any of the refuse collection utility and solid waste disposal utility revenue bonds of the Municipality within one or more series issued pursuant to Article XV of the Charter.

**Bond Fund** means the special fund designated as the “Anchorage Refuse Collection Utility and Solid Waste Disposal Utility Revenue Bond Fund.”

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

**Chief Fiscal Officer** means the chief fiscal officer of the Municipality appointed and confirmed pursuant to Section 5.05 of the Anchorage Municipal Charter.

**Future Parity Bonds** mean those revenue bonds or other revenue obligations which will be issued by the Municipality in the future with a lien on Net Revenues equal to the lien thereon of the Bonds.

**Loan Agreement(s)** mean the agreement(s) evidencing the loan(s) authorized by this ordinance between the Municipality and the State of Alaska Department of Environmental Conservation.

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

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

**Operation and Maintenance Expenses or Operating Expenses** means the current expenses incurred for operation, maintenance, and repair of the RCU and the SWDU of a noncapital nature. Operation and Maintenance Expenses shall not include any transfer of money to other funds of the Municipality or the payment of license fees, or payments in lieu of taxes to the Municipality or allowances for depreciation or amortization of any principal or redemption price or purchase price of, or interest on, any obligations of the Municipality incurred in connection with and payable from Revenues. Operation and Maintenance Expenses of the RCU and the SWDU shall continue to be accounted for separately as required by the Charter.

**Other Senior Obligations** mean those RCU/SWGU Obligations incurred by the Municipality having a lien on Net Revenue subordinate to Parity Bonds, payable to banks or issued as commercial paper under loan agreements that include covenants not identical to the covenants that have been made for the benefit of owners of Parity Bonds.
Parity Bonds means the Bonds and any Future Parity Bonds.

Project means the improvements described in the recitals of this ordinance.

RCU means the existing Refuse Collection Utility of the Municipality.

RCU/SWDU Obligations means refuse collection utility and solid waste disposal revenue notes or bonds payable from Revenues.

Revenue Fund means the Refuse Collection Utility Revenue Fund and the Solid Waste Disposal Utility Revenue Fund, which fund names may be changed as directed by the Authorized Municipality Representative, of the Municipality into which the Municipality has pledged that all of the Revenues of the RCU and the SWDU, respectively, shall be paid as collected.

Revenues means all rates and charges and other income and receipts in each case derived by or for the account of the Municipality from the ownership, leasing or operation of RCU and SWDU, except proceeds from the sale of the bonds or notes, any grants received for RCU or SWDU and interest received and profits derived from the investment of moneys obtained from such sources or from moneys held in any fund solely to pay or secure the payment of any bonds or notes issued in connection with the RCU and SWDU.

Subordinate Lien Note Fund means the special fund designated as the “Anchorage Subordinate Lien Refuse Collection Utility and Solid Waste Disposal Utility Revenue Note Fund.”

SWDU means the existing Solid Waste Disposal Utility of the Municipality.

Interpretation. Notwithstanding the foregoing definitions, the Authorized Municipality Representative may maintain such separate funds and accounts in such names and under such additional designations as shall be required or advisable to comply with the accounting standards and conventions followed by the Municipality. The use of the term “Fund” is intended to meet legal requirements and is not intended to be defined as prescribed by generally accepted accounting principles.

Section 6. Loan Terms. The following primary terms shall be incorporated into the Loan Agreement:

Principal Amount: Not to exceed $25,760,000 (subject to individual draws)

Interest Rate: 1.5% when the Bond Rate is less than 4%; when the Bond Rate is greater than 4% a finance charge at a rate of 1.5% plus 62.5% of The Bond Buyer’s Municipal Bond Index’s Current Day – Yield to Maturity that is greater than 4% as published on the date that the
department extends the financial assistance offer; the
finance charge will be determined using the calculation
\[ 1.5 + [0.625 \times (\text{Bond Index} - 4)], \]
where “Bond Index” is equal to The Bond Buyer’s Municipal Bond Index’s
Current Day – Yield to Maturity

**Interest Accrual:** Accrual begins one year after the date of first
disbursement to the Municipality

**Term:** Twenty years from the date of initiation of operation of
the Project

**Date of First Payment:** As defined by specific loan term, or one year following
substantial completion and initiation of operation of the
Project

**Payment Interval:** Annual

**Amortization Schedule:** Level, fully amortizing

**Security:** A subordinate lien pledge of Gross Revenues less
Operating Expenses, as those terms are defined
herein, provided that if such monies are not sufficient,
repayment of the loans shall be from any legally
available funds accruing to or in the possession of the
Municipality; and provided further that repayment of the
loans is not a direct obligation of the Municipality and
neither the faith and credit nor the taxing power of the
Municipality are pledged therefore.

**Section 7.** Authorization of Loans; Purpose of Issuance. For the purpose of
providing a portion of the funds required to pay the cost of the Project
described herein, and to pay all costs incidental thereto, the borrowing of money from the
Fund in the form of loans in an aggregate principal amount not to exceed
$25,760,000 is hereby authorized.

**Section 8.** Loan Application and Loan Agreement. The SWS General Manager
is hereby authorized and directed to complete and submit to the State
applications to borrow money from the Fund for the purpose of financing a portion
of the costs of the Project authorized by this Ordinance. Further, the SWS
General Manager and MOA Chief Fiscal Officer are hereby authorized,
empowered and directed to execute and deliver the Loan Agreement, for and on
behalf of the Municipality, including necessary counterparts, as authorized by this
Ordinance.

**Section 9.** Acceptance of Loan Funds. The SWS General Manager is hereby
authorized to accept, when approved and available, loan funds from the State,
pursuant to the loan application approved in this Ordinance, for the purpose of
reimbursement of the costs of the Project. Upon notification from the State and
acceptance of the funds, SWS shall file with the Assembly, on a quarterly basis,
an Assembly Informational Memorandum, listing the amount of funds approved
and accepted by SWS, the authorizing Ordinance for the funds, and identifying the specific Project approved under the loan program.

Section 10. Authority of Officers. The Mayor, the Municipal Manager, the Chief Fiscal Officer, the SWS General Manager, the Municipal Clerk, are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Ordinance, or to be determined by a subsequent ordinance or resolution of the Municipality, to this end that the Municipality may carry out its obligations under the loans and this Ordinance.

Section 11. Severability. If any one or more of the covenants and agreements provided in this Ordinance to be performed on the part of the Municipality shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant and agreements shall be null and void and shall be deemed separable from the remaining covenant and agreement in this Ordinance and shall in no way affect the facility of the other provisions of this Ordinance or of the loans entered into pursuant to this Ordinance.

Section 12. Effective Date. This Ordinance shall take effect immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this ______ day of __________, 2023.

______________________________
Chair of the Assembly

ATTEST:

______________________________
Municipal Clerk
FROM: MAYOR

SUBJECT: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED $25,760,000 FOR THE PURPOSE OF FINANCING A PORTION OF TWO (2) SOLID WASTE SERVICES (SWS) CAPITAL IMPROVEMENT PROJECTS AND PROVIDING FOR RELATED MATTERS.

The State of Alaska Department of Environmental Conservation offers low-interest loans through the Alaska Clean Water Fund program to communities for the planning, design, and construction of publicly owned wastewater and solid waste capital projects.

The attached Ordinance authorizes the borrowing and accepting of not to exceed $25,760,000 to be used specifically for financing a portion of the costs of the Anchorage Regional Landfill (ARL) Leachate Upgrades project and Cell 9B/8C project. These projects are included in an Assembly-approved SWS Capital Improvement Budget and are listed in the Alaska Clean Water Fund Intended Use Plan.

A summary of economic effects is attached.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by: Anchorage Solid Waste Services
Recommended by: Evalu Filitaula, Acting General Manager, SWS
Concur: Alden Thern, Acting Chief Financial Officer
Concur: Anne Helzer, Municipal Attorney
Concur: Kent Kohlhase, P.E., Municipal Manager
Respectfully submitted: Dave Bronson, Mayor
MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO NO.: 2023-88  Title: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE BORROWING AND ACCEPTING, FROM THE STATE OF ALASKA CLEAN WATER FUND, AN AGGREGATE AMOUNT NOT TO EXCEED $25,760,000 FOR THE PURPOSE OF FINANCING A PORTION OF TWO (2) SOLID WASTE SERVICES (SWS) CAPITAL IMPROVEMENT PROJECTS AND PROVIDING FOR RELATED MATTERS.**

Sponsor: MAYOR
Preparation Agency: **Anchorage Solid Waste Services** Others Affected: **None**

**CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)**

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<th>Operating Revenues:</th>
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<th>FY24</th>
<th>FY25</th>
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<td>TOTAL OPERATING EXPENSES:</td>
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<td>1071</td>
<td>1125</td>
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<td>Non-Operating Revenues:</td>
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<tr>
<td>TOTAL NON-OPERATING REVENUES:</td>
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<td>115</td>
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<td>NET INCOME (REGULATED)</td>
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</table>

**Impact on General Government (Yes or No) No** (If yes, attach SEE for General Government agency impacted.)

Public Sector Economic Effects:
- **Interest expense** is 1.5% for any Bond Rate less than 4%; for Bond Rate greater than 4% a finance charge at a rate of 1.5% plus 62.5% of The Bond Buyer’s Municipal Bond Index’s Current Day – Yield to Maturity that is greater than 4% as published on the date that the department extends the financial assistance offer; the finance charge will be determined using the calculation 1.5 + [0.625 x (Bond Index – 4)], where “Bond Index” is equal to The Bond Buyer’s Municipal Bond Index’s Current Day – Yield to Maturity. 2.00% interest expense used in Changes in Expenditure and Revenues
- **Terms of Loans** - fully amortizing, equal payments, 20 years, end of period, annual payments
- **Total Principal and Interest per year = $465,966** (based on 1.50% interest rate)
- **Payments to begin** as defined by specific loan term, or one year following substantial completion and initiation of operation
- **Program offers a lower cost alternative** when compared to the issuance of revenue bonds

Private Sector Economic Effects:
- **None**

If further explanation is necessary, a separate page may be attached.

Prepared by: Susan Kent-Crafts 343-6287
Approved by: Susan Kent-Crafts, CFO, SWS
Approved by: Evalu Filltaula, Acting General Manager, SWS