MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2019-61

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING AN INTERMEDIATE TERM BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS ($1,665,000) FOR THE PURPOSE OF PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO MERRILL FIELD; AND REPEALING ORDINANCE NO. AO 2018-27.
# MUNICIPALITY OF ANCHORAGE
## ORDINANCE No. 2019-61

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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.*
MUNICIPALITY OF ANCHORAGE, ALASKA
ORDINANCE No. 2019-61

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
PROVIDING FOR, AUTHORIZING AND APPROVING AN INTERMEDIATE
TERM BORROWING PROGRAM FOR THE MUNICIPALITY IN THE
AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX
HUNDRED SIXTY-FIVE THOUSAND DOLLARS ($1,665,000) FOR THE
PURPOSE OF PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO
MERRILL FIELD; AND REPEALING ORDINANCE NO. AO 2018-27.

WHEREAS, the Municipality of Anchorage, Alaska (the “Municipality”) owns and
operates Merrill Field Airport (“Merrill Field”); and

WHEREAS, Merrill Field has been undertaking renovations and improvements
(hereinafter defined as the “Projects”); and

WHEREAS, Merrill Field anticipates receiving Federal Aviation Administration
(FAA) administered Airport Improvement Program (AIP) Grants for the Projects for
fiscal years 2018 and 2019; and

WHEREAS, the Municipality has determined to establish an intermediate term
borrowing program to finance the Municipality’s required 2018 and 2019 match for
the AIP grants, a required reserve and pay related financing expenses; and

WHEREAS, it is in the best interest of the Municipality to provide for the required
2018 and 2019 match for the capital improvements to Merrill Field by the
execution of documentation for a Intermediate Term Borrowing Program
(hereinafter defined as the “ITBP”) with an aggregate principal amount of not to
exceed One Million Six Hundred Sixty-Five Thousand Dollars ($1,665,000); and

WHEREAS, it is necessary to establish the terms of the ITBP 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 intermediate term borrowing (not to exceed
fifteen years) with Key Government Finance, Inc., in the form of a loan agreement
or revenue notes having a lien on the gross revenues of Merrill Field in the aggregate principal amount not to exceed One Million Six Hundred Sixty-Five Thousand Dollars ($1,665,000) to provide moneys for the matching funds for 2018 and 2019 AIP grants for the improvements to Merrill Field, for the establishment of a required reserve and payment of costs of issuance (“ITBP”).

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

Agreement mean the loan agreement evidencing the Municipality’s obligations with respect to the ITBP.

Assembly means the general legislative authority of the Municipality, as the same may be constituted from time to time.

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 Charter.

Debt Obligations means Note or Notes, bond or bonds or any other debt obligations issued hereunder.

Gross Revenue means all income and revenue, including unencumbered grants, derived by or for the account of the Municipality from the ownership, control, use, and operation, and leasing of Merrill Field from time to time from any source whatsoever including federal grants, except:

(a) the proceeds of any borrowing by the Municipality for the benefit of Merrill Field and the earnings thereon (other than earnings on proceeds deposited in reserve funds);

(b) payments made under credit facilities issued to pay or secure the payment of a particular series of debt obligations;

(c) proceeds of insurance or condemnation proceeds other than business interruption insurance;

Intermediate Term Borrowing Program or ITBP has the meaning given such term in Section 1 of this ordinance.

Lender means, initially, Key Government Finance, Inc.

Merrill Field means the existing Merrill Field Airport properties and facilities operated by the Municipality, as the same may be added to, improved and
extended by the Municipality for as long as the Merrill Field Revenue Obligations are outstanding and which contribute in some measure to Gross Revenue.

*Merrill Field Operating Fund* means the special fund of that name maintained by the Municipality.

*Merrill Field Revenue Obligations* means the ITBP and shall include any future debt obligations payable from Gross Revenue.

*Merrill Field Revenue Debt Service Fund* means the special fund designated as the “Municipality of Anchorage Merrill Field Revenue Debt Service Fund.”

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

*Note* means the Municipality’s Merrill Field Revenue Note, 2019, if requested by the Lender to evidence the obligations of the Municipality under the Agreement.

*Projects* mean the capital improvements made to Merrill Field, as approved in Section 3 of this ordinance.

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

*Registrar Agreement* means each agreement(s), whether designated as an issuing and paying agent agreement, trust agreement, loan agreement or otherwise, between the Municipality and the Registrar, with respect to each series of debt obligations.

The definitions in this Section 2 may be added to and/or modified in the Agreement, in a manner consistent with the terms of this ordinance and as approved by the Chief Fiscal Officer.

**Interpretation.** Notwithstanding the foregoing definitions, the Chief Fiscal Officer 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 3. Authorization of Intermediate Term Borrowing Program.** The Municipality hereby authorizes borrowing not to exceed One Million Six Hundred
Sixty-Five Thousand Dollars ($1,665,000) to be evidenced by a note and/or a loan agreement ("Agreement") (the "ITBP"). The terms of the ITBP shall be set forth in more detail in the Agreement and/or Note. At his or her option, the Chief Fiscal Officer may select a banking institution (the "Registrar") to act as paying agent and authenticating agent.

The term of the ITBP shall be no longer than fifteen years from the date of execution of the initial Agreement or Registrar Agreement. The Chief Fiscal Officer is hereby authorized initially to negotiate the terms of the ITBP and the Agreement with Key Government Finance, Inc., as the Lender, and the ITBP shall be subject to the terms approved by the Chief Fiscal Officer and set forth in the Agreement and as may be further reflected in a Registrar Agreement.

The proceeds of the ITBP shall be used to finance or to reimburse the Municipality for the costs of the 2018 and 2019 matching funds for the Federal Aviation Administration (FAA) administered Airport Improvement Program (AIP) Grants for the renovations and improvements to Merrill Field (the "Projects"), to establish a required reserve and to pay related financing expenses, including the funding of a debt service reserve fund.

The aggregate principal amount to be borrowed and outstanding under this ordinance shall not exceed One Million Six Hundred Sixty-Five Thousand Dollars ($1,665,000).

The Municipality hereby irrevocably obligates and binds itself for as long as Merrill Field Revenue Obligations remain outstanding to set aside and pay into the Merrill Field Revenue Debt Service Fund from Gross Revenue or money in the Merrill Field Operating Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

1. Such amounts as are required to pay the interest scheduled to become due on the Merrill Field Revenue Obligations; and
2. Such amounts as are required to pay maturing principal of the Merrill Field Revenue Obligations.

The Merrill Field Revenue Obligations and the liens thereof created and established hereunder shall be obligations only of the Merrill Field Revenue Debt Service Fund authorized to be created and the required reserves maintained under the Agreement. Merrill Field Revenue Obligations shall be payable solely from and secured solely by Gross Revenue and the reserve amounts established to secure the repayment of the Merrill Field Revenue Obligations.

From and after the time of issuance and delivery of the Agreement and/or the Note, the Municipality hereby irrevocably obligates and binds itself to set aside
and pay into the Merrill Field Revenue Debt Service Fund out of Gross Revenue, on or prior to the date on which the interest on and principal due with respect to the Agreement and/or the Note shall become due, the amount necessary to pay such principal and interest.

Said amounts so pledged to be paid into the Merrill Field Revenue Debt Service Fund are hereby declared to be a prior lien and charge upon the Gross Revenue subject to the terms of the Agreement. The Agreement may include terms, modifications and provisions in addition to those set forth in this ordinance and also may provide for the terms and conditions under which additional Merrill Field Revenue Obligations may be issued in the future.

The ITBP and the Agreement and/or Note evidencing the obligations thereunder 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 ITBP and the Agreement and/or Note evidencing the obligations thereunder.

**Section 4. Form of Note.** If the ITBP will be evidenced by a Note in addition to the Agreement, it 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**

**MUNICIPALITY OF ANCHORAGE, ALASKA**

**MERRILL FIELD REVENUE NOTE, 2019**

**MATURITY DATE:** Not later than ______________________

**REGISTERED OWNER:**

**INTEREST RATE:**

**PRINCIPAL AMOUNT:** [ONE MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS ($1,665,000)]

Anchorage, Alaska (the “Municipality”), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, solely out of the special fund of the Municipality known as the “Municipality of Anchorage Merrill Field Revenue Debt Service Fund” (the “Debt Service Fund”) created by the hereinafter defined Ordinance and maintained pursuant to the _____ Agreement on the Maturity Date identified above, the Principal Amount indicated above or so
much thereof as shall have been advanced hereunder and remain outstanding and to pay interest thereon, at the Interest Rate. The Interest Rate on this Note may be adjusted at the times and as provided in the hereinafter defined ______ Agreement. [_________________________, ____________ has been appointed as the Registrar (authentication agent, paying agent and registrar) for the notes or other debt obligations of this issue (the “Registrar”)]. Capitalized terms used in this Note have the meanings given such terms in the [____] Agreement between the Municipality and the Registered Owner dated ____________, 20__ (the “__________ Agreement”). Interest on this Note shall accrue on the basis of a year of 360 days and twelve 30-day months as provided in the ____________ Agreement. Principal of this Note shall be amortized [as provided in [Schedule A to this Note][the ___________ Agreement. The terms of the _____________ Agreement are hereby incorporated by reference in this Note.

This Note is issued pursuant to the Constitution and statutes of the State of Alaska and the Home Rule Charter and duly adopted ordinances and resolutions of the Municipality, including particularly, Ordinance No. AO 2019-___ of the Municipality (the “Ordinance”) and the ____________ Agreement for the purpose of providing matching funds for future improvements or Projects of Merrill Field, for a required reserve and the payment of costs of issuance. The definitions contained in the Ordinance and the ____________ Agreement shall apply to capitalized terms contained herein.

This Note is prepayable as provided in the ____________ Agreement.

The Municipality does hereby pledge and bind itself to set aside out of Gross Revenues and the money in the Merrill Field Operating Fund and to pay into the Debt Service Fund the various amounts required by the Ordinance and the ____________ Agreement to be paid into and maintained in said fund all within the times provided in the Ordinance and the ____________ Agreement. The Municipality has further pledged and bound itself to pay into such Merrill Field Operating Fund, as collected, all Gross Revenues.

The pledge of Gross Revenues and moneys in the Merrill Field Operating Fund contained herein and in the Ordinance and the ____________ Agreement may be discharged by making provision, at any time, for the payment of the principal of and interest on this Note in the manner provided in the ____________ Agreement.

The amounts so pledged to be paid out of said Merrill Field Operating Fund into the Debt Service Fund are hereby declared to be a prior lien and charge upon the money in the Merrill Field Operating Fund and Gross Revenues [subject to the following terms _______________].

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

IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has
caused this Note to be executed with the manual or facsimile signature of its
Mayor or Municipal Manager and to be attested with the manual or facsimile
signature of the Chief Fiscal Officer and the official seal of the Municipality to be
impressed, imprinted or otherwise reproduced hereon, this ____ day of
__________, 20__.

MUNICIPALITY OF ANCHORAGE,
ALASKA

By /s/ manual or facsimile signature
Mayor/Municipal Manager

Attested:

/s/manual or facsimile signature
Chief Fiscal Officer

(Form of Certificate of Authentication)

Date of Authentication:

This Note is the Municipality of Anchorage, Alaska, Merrill Field Revenue
Note, 2019, described in and issued pursuant to the within mentioned Ordinance.

__________________________.
as Registrar

By _______________________
Authorized Signer

Section 5. Authorization of Documents. In order to implement the ITBP, the
Chief Fiscal Officer is hereby authorized and delegated the authority to negotiate
the final terms of the Agreement and/or Note with the Lender and to negotiate the
final terms of a Registrar Agreement, if any, to effectuate the ITBP. The Lender
and the Registrar, if any, may be replaced during the ITBP at the option of the
Chief Fiscal Officer.

Section 6. Expiration. If the ITBP authorized by this ordinance is not
established by December 31, 2020, the authorization to establish the ITBP by this
ordinance shall expire on December 31, 2020.
Section 7. Repeal of Ordinance No. AO 2018-27. Ordinance No. AO 2018-27 is hereby repealed and rescinded in its entirety and replaced with this ordinance.

Section 8. Effective Date. This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this ___ day of ____________, 2019.

______________________________
Chair

ATTEST:

______________________________
Municipal Clerk
MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 318-2019

Meeting Date: April 23, 2019

From: MAYOR

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING AN INTERMEDIATE TERM BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS ($1,665,000) FOR THE PURPOSE OF PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO MERRILL FIELD; AND REPEALING ORDINANCE NO. AO 2018-27.

Merrill Field Airport received two Federal Aviation Administration (FAA) administered Airport Improvement Program (AIP) Grants totaling $13,008,000 in fiscal year 2018 beyond what was approved in the original Merrill Field 2018 Capital Improvement Budget. Merrill Field anticipates receiving one or more additional FAA Grants totaling $9,151,875 in fiscal year 2019 beyond what was approved in the original Merrill Field 2019 Capital Improvement Budget.

The Municipality of Anchorage’s required match for the 2018 grants was between 5% and 6.25% of the AIP Grant amount and for the 2019 anticipated grants the required match is 6.25% of the AIP Grant amount. The total required matching funds and funds for the related financing expenses for the 2018 and 2019 AIP Grants are anticipated not to exceed $1,665,000.

The attached ordinance authorizes a revenue-based Intermediate Term Borrowing Program (ITBP). Financing the required matching funds and funds for the related financing expenses is delegated to the Chief Fiscal Officer (CFO). The determination of ITBP terms and conditions are also delegated to the CFO. A public hearing on May 7, 2019 is recommended by staff. As a result of the consolidation of the borrowing programs for the 2018 and 2019 AIP Grant matching funds, the authorization for the 2018 borrowing program established by Ordinance No. AO 2018-27 should be repealed.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by: Ross Risvold, Public Finance & Investments Manager
Approved by: Alexander Slivka, CFO
Concur: Lance Wilber, Director, Office of Management & Budget
Concur: Deitra Ennis, Acting Municipal Attorney
Concur: William D. Falsey, Municipal Manager
Respectfully submitted: Ethan A. Berkowitz, Mayor
MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2019-61    Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING AN INTERMEDIATE TERM BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS ($1,665,000) FOR THE PURPOSE OF PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO MERRILL FIELD; AND REPEALING ORDINANCE NO. AO 2018-27.

Sponsor:    Mayor
Preparing Agency:  Finance, Public Finance and Investments Division
Others Impacted:  Merrill Field Airport

CHANGES IN REVENUES AND EXPENSES:  (In Thousands of Dollars)

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NOTES:

PUBLIC SECTOR ECONOMIC EFFECTS:
The debt service is calculated assuming use of an intermediate term loan of $1,665,000 with a fixed interest rate of 4.25% for 15 years.

PRIVATE SECTOR ECONOMIC EFFECTS:
Merrill Field is used by the private sector's private pilots and commercial airline operators. The proposed capital improvements will enhance the aviation facilities for the users of Merrill Field, as well as create construction opportunities in the Anchorage bowl.