

Submitted by
Prepared by:
For reading:

Assembly Member Kendall
Department of Law
January 27, 1998

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Tabled 3-3-98

ANCHORAGE, ALASKA
AO NO. 98- 3

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE PROVIDING FOR THE
SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA THE QUESTION OF
WHETHER THE ANCHORAGE TELEPHONE UTILITY SHOULD BE SOLD

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1: That pursuant to and under the authority of the Anchorage Municipal Charter Section 16.02, it is hereby determined to be for a public purpose and in the public interest of the Municipality of Anchorage that the Anchorage Telephone Utility (ATU) be sold. Telecommunications is not a traditional government function and substantial capital investment is required to keep pace with this rapidly changing industry.

Section 2: That pursuant to the Anchorage Municipal Charter Sections 16.02 and 13.11

- A. A competitive procurement process to dispose of ATU shall be pursued by the Administration. The process shall include a competitive bid or auction process whereby 60% of the stock of ATU Communications, Inc., is sold to the highest responsive bidder; and 40% of the stock of ATU Communications, Inc., comprises an initial public offering (IPO) of which the citizens of Anchorage will receive one-half thereof (20% of the total stock).
- B. Upon the stock sale, which shall be for an amount at least equal to the outstanding bonded debt of ATU, the outstanding bonded debt of ATU shall be retired from the sales proceeds. The balance of the proceeds shall be placed into the Utility Trust Fund managed by the Municipal Treasurer under the provisions of AMC 6.70. The corpus of this fund may be used only after voter approval at a special or general election. The income from this fund may be used for operations or any other purpose deemed appropriate by ordinance.

Section 3: That at the regular election to be held on April 21, 1998, in and for the Municipality of Anchorage, a proposition shall be submitted to qualified voters of Anchorage for approval or rejection. A synopsis of the sale process approved by the Assembly shall be prepared by the Municipal Clerk with the assistance of the Municipal Attorney. This synopsis, together with a proposition calling for approval to sell ATU, shall be submitted to the voters. The proposition shall be substantially in the following form:

PROPOSITION NO.

Shall the Municipality of Anchorage sell, by ordinance, the Anchorage Telephone Utility?

As required by the Municipal Charter, proceeds from the sale of the telephone utility shall be used to:

- 1) Retire the outstanding debt of Anchorage Telephone Utility;
- 2) Retire other municipal debt deemed appropriate by the Assembly; and
- 3) Establish a Trust Fund with the balance of the proceeds.

Pursuant to the Municipal Charter: the Trust Fund shall be managed by the Municipal Treasurer; the corpus of the Trust Fund may be used only after approval by a majority of the voters; and the income from Trust Fund, after adjustment for inflation-proofing, may be used for operations or any other purpose deemed appropriate by ordinance.

YES ☐ NO ☐

Section 4: That upon approval of the ballot proposition set forth in Section 3 by three-fifths (3/5) of the qualified voters voting on the question, the decision to sell in Section 1 pursuant to the conditions of sale set forth in Section 2 of this ordinance shall become effective upon certification of said election.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 1998.

Chair of the Assembly

ATTEST:

Municipal Clerk