

CLERK'S OFFICE

APPROVED

Date: 7-21-98

ANCHORAGE, ALASKA

AO No. 98-113

1 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING
2 AND PROVIDING FOR THE BORROWING OF NOT TO EXCEED \$8,325,000 FROM THE
3 STATE OF ALASKA SAFE DRINKING WATER FUND FOR THE PURPOSE OF PAYING
4 A PORTION OF THE COSTS OF WATER CAPITAL IMPROVEMENTS IN THE
5 MUNICIPALITY, AND PROVIDING FOR RELATED MATTERS.
6

7
8 WHEREAS, the State of Alaska (the "State") has, pursuant to Alaska Statutes
9 46.03.036 and 18 AAC 76.200 et seq of the Alaska Administrative Code, established the
10 Alaska Drinking Water Fund (the "Fund"), a fund which makes use of U.S. Government
11 grants as authorized by the Safe Drinking Water Act, Amendments of 1996, P. L. 104-182.
12

13 WHEREAS, the Municipality of Anchorage (the "Municipality") is eligible to borrow
14 from the Fund to assist in the planning, designing, constructing, equipping, modifying,
15 improving and expanding of public water treatment, transmission and distribution facilities;
16 and
17

18 WHEREAS, the interest rate to be paid by the Municipality on money borrowed from
19 the Fund is a favorable rate considering other sources of funds available to the Municipality;
20 and
21

22 WHEREAS, the Home Rule Charter of the Municipality provides at Section 15.03 that
23 the Assembly by ordinance shall provide for the form and manner of sale of bonds and
24 notes; and
25

26 WHEREAS, the Assembly of the Municipality has determined and does hereby
27 determine that it is necessary to proceed to plan, design, develop, construct, equip, acquire
28 property for, or otherwise obtain items of capital improvements in connection with the
29 Anchorage Loop Water Transmission Main Phases I, II & III; and
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31 WHEREAS, it is deemed necessary and advisable and in the best interests of the
32 Municipality and its inhabitants that a final application be submitted and such other actions
33 as may be necessary be taken to borrow an amount not to exceed \$8,325,000 from the
34 Fund for the purpose of paying a portion of the costs associated with said Project.
35

36 NOW THEREFORE, the Municipality of Anchorage ordains:
37

38 Section 1 Definitions. As used in this Ordinance, unless a different meaning clearly
39 appears from the context:

2 "Gross Revenues" means all rates and charges and other income, in each case
3 derived by or for the account of the Municipality, from the ownership, leasing or operation of
4 the System except proceeds from the sale of bonds or notes, any grants received for the
5 Anchorage Water Utility, and interest received and profits derived from the investment of
6 moneys obtained from such sources or from moneys held in any fund to pay or secure the
7 payment of any bonds or notes issued in connection with the System. For the purposes of
8 this Ordinance, Gross Revenues shall not include allowance for funds used during
9 construction.

10 "Operating Expenses" means the current expenses incurred for operation,
11 maintenance or repair of the System of a non-capital nature, and shall include, without
12 limiting the generality of the foregoing, water purchase agreements, source of supply
13 expenses, water treatment, transmission and distribution expenses, fuel and electricity
14 expenses, chemical expenses, customer accounts expenses, administrative and general
15 expenses, insurance premiums, lease rentals, legal, regulatory, and engineering expenses,
16 payments to pension, retirement, group life insurance, health and hospitalization funds or
17 other employee benefit funds which are properly chargeable to current operations, interest
18 on customers' deposits, payroll tax expenses, Municipal Utility Service Assessments or any
19 assessment levied in lieu of municipal taxes and any other expenses required to be paid
20 under the provisions of this Ordinance or by law or permitted by standard practices for public
21 utility systems similar to the properties and business of the System (adjusted to reflect public
22 ownership) and applicable in the circumstances. Operating Expenses shall not include any
23 allowances for depreciation or amortization or any principal, redemption price or purchase
24 price of, or interest on, any obligations of the Municipality incurred in connection with and
25 payable from Gross Revenues.

26
27 "System" means the existing water utility system of the Municipality as the same will
28 be added to, improved and extended as authorized and provided in this Ordinance, and as
29 the same may be added to, improved and extended for as long as the loan authorized by
30 this Ordinance is outstanding, but shall not include such water supply, treatment,
31 transmission and distribution facilities that may be hereafter purchased, constructed or
32 otherwise acquired by the Municipality as a separate water utility system, the revenues of
33 which may be pledged to the payment of bonds or notes issued to purchase, construct or
34 otherwise acquire and improve such separate system. The term System shall also include
35 the wastewater system of the Municipality if hereafter combined with the water utility.

36
37 "Lien Revenue Bonds" means all publicly marketed revenue bonds or other
38 obligations issued by the Municipality having a lien on net revenue (Gross Revenues less
39 Operating Expenses).
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1 Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of
2 not to exceed \$8,325,000 from the Fund in the form of a loan to provide funds to pay a
3 portion of the capital costs of the Project and to fix certain details of said loan.
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5 Section 3. Authority for Ordinance. The Assembly has ascertained and hereby
6 determines that each and every matter and thing as to which provision is made in this
7 Ordinance is necessary in order to carry out and effectuate the purposes of the Municipality
8 in accordance with the Constitution and statutes of the State of Alaska, and the Home Rule
9 Charter of the Municipality, and to incur the indebtedness authorized by this Ordinance.
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11 Section 4. Obligation of Loan. The obligation to repay the loan authorized by this
12 Ordinance shall not be a direct and general obligation of the Municipality and neither the
13 faith and credit nor the taxing power of the Municipality is pledged to the payment of the
14 principal of and interest on the loan. The Gross Revenues less the Operating Expenses of
15 the System are hereby pledged to repayment of the loan authorized by this Ordinance.
16 Such pledge shall be subordinate to the lien on net revenues of Lien Revenue Bonds of the
17 Municipality heretofore and hereafter issued.
18

19 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose of
20 providing a portion of the funds required to pay the cost of the Project described herein, and
21 to pay all costs incidental thereto, the Municipality hereby authorizes and determines to
22 borrow money from the Fund in the form of a loan in an aggregate principal amount not to
23 exceed \$8,325,000.
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25 Section 6. Loan Application. The General Manager of the Anchorage Water &
26 Wastewater Utility ("AWWU") is hereby authorized and directed to complete and submit to
27 the State Department of Environmental Conservation an application to borrow money from
28 the Fund for the purpose of paying a portion of the costs of the Project as authorized in this
29 Ordinance.
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31 Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities
32 and Other Details of Loans. The General Manager of AWWU shall negotiate with the State
33 and the Assembly shall by resolution approve the total amount of the loan to be entered into
34 for the Projects; the interest rate, which shall not exceed 75 percent of the Merrill Lynch 50
35 State General Revenue Bond Index as published in the Wall Street Journal on the Friday
36 preceding the closing of any loan; the interest and principal payment dates, the maturities,
37 which shall not exceed 20 years, and any other details of the loan.

Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to time, the Municipal Manager, the Chief Fiscal Officer, the General Manager of AWWU, the Municipal Clerk and the Acting Municipal Clerk from time to time, 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 loan and this Ordinance.

Section 9. 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 loan entered into pursuant to this Ordinance.

Section 10 Effective Date This Ordinance shall take effect immediately.

PASSED AND APPROVED by the Anchorage Assembly this 21st day of
 , 1998.

Fag Von Hennigen
Chairman

ATTEST

Leanne Ferguson
Municipal Clerk