

1 CLERK'S OFFICE
2 **AMENDED AND APPROVED**
3 Date: 9-1-98

Submitted by: Chairman of the Assembly
At the Request of the Mayor
Prepared by: Department of Law
For reading: September 1, 1998

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8 ANCHORAGE, ALASKA
9 AR NO.98-282(S)

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11 A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY APPROVING AND
12 AUTHORIZING A LOAN IN AN AMOUNT NOT TO EXCEED \$5 MILLION FROM
13 GENERAL MUNICIPAL FUNDS (CASH) TO THE ANCHORAGE TELEPHONE UTILITY
14 SUBJECT TO DISBURSEMENT APPROVAL BY THE EXECUTIVE MANAGER.
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18 WHEREAS, the Municipal Assembly has received a request from Anchorage Telephone
19 Utility (ATU) for a loan in an amount not to exceed \$5 million to be used for marketing and
20 customer-driven capital costs; and
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22 WHEREAS, the Assembly ATU Committee is of the opinion that ATU has experienced
23 an unexpected cash shortage as a result of accelerated market competition and is recommending
24 the loan to ATU with oversight of the spending of the funds by the Executive Manager, in
25 consultation with the Chief Fiscal Officer and the investment banking firm of Donaldson, Lufkin
26 & Jenrette (DLJ); and
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28 WHEREAS, the loan would earn interest and be repaid to the Municipality of Anchorage
29 on the closing of the sale of ATU expected to be in February, 1999;
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31 NOW, THEREFORE, the Anchorage Municipal Assembly resolves:
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33 Section 1: That up to \$5 million be loaned from the general cash pool to ATU;
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35 Section 2: That the Executive Manager, in consultation with the Chief Fiscal Officer and
36 DLJ, is authorized to disburse the funds for marketing and customer-driven capital costs, as shown
37 on Attachment A;
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39 Section 3: That any funds loaned to ATU shall earn interest at the rate of other Municipal
40 investments of these funds and shall be repaid to the Municipality of Anchorage on the closing of
41 the sale of ATU, expected to be in February, 1999, or by January 1, 2000, whichever is sooner.
42 Interest and principal shall be repaid in one installment at the end of the loan;

* and others as appropriate

Section 4: That this resolution is effective upon passage.

DATED this 1st day of September, 1998.

Gay Van Hemminges
Assembly Chair

ATTEST:

Lizine Ferguson
Municipal Clerk

ATTACHMENT "A"
RESOLUTION NO. AR 98-282(S)

4TH Quarter Projected Additional Cash Requirements for ATU Telecommunications

Use of Capital	Amount	What does it do?
Residential telephone services drop wires, from the pole or pedestal to the home, and house mounted terminations for new and additional lines	Up To 845,000	Allows installation of 1,500 lines and in-ground burial of 500 lines currently lying on the surface.
Electronics to avoid winter additional of expensive cables from poles to telephone building by "electronically adding" capacity to existing cables	Up To 750,000	Allows connection of 1,400 lines from neighborhoods to telephone buildings, cannot place cables in winter
High speed business network growth to meet data needs of internet providers and business data users	Up To 1,240,000	Addition of 400 1.5 megabit "T1" lines and added and upgraded fiber optics to 2 dozen buildings
Provide initial wires within new subdivisions	Up To 400,000	New subdivision growth exceeded forecast by 25 subdivisions to date
Customer premise located access terminals to allow additional customer uses of the high speed network	Up To 265,000	Customer retention (stay with ATU network) and increased revenues
Total Capital Additions	Up To 3,500,000	
Marketing 4 th Quarter Expenditures	Up To 1,500,000	Advertising, telemarketing to retain and grow customers
Up to Total Of	5,000,000	