

Submitted by: Chairman of the Assembly at the  
Request of the Mayor  
Prepared by: Anchorage Water & Wastewater Utility  
For reading: June 5, 2001

CLERK'S OFFICE

APPROVED

Date: 6-19-01

ANCHORAGE, ALASKA  
AO No. 2001-119



AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE BORROWING FROM THE STATE OF ALASKA DRINKING WATER FUND OF AN AMOUNT NOT TO EXCEED \$1,548,450 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF THE LOOP WATER TRANSMISSION MAIN PHASE IV AND THE THUNDERBIRD HEIGHTS WATER UPGRADE PROJECTS IN THE MUNICIPALITY, AND PROVIDING FOR RELATED MATTERS.

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

WHEREAS, the Municipality of Anchorage (the "Municipality") is eligible to borrow from the Fund to assist in the planning, designing, constructing, equipping, modifying, improving and expanding of public water treatment, transmission and distribution 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 Home Rule Charter of the Municipality provides at Section 15.03 that the Assembly by ordinance shall provide for the form and manner of sale of bonds and notes; and

WHEREAS, the Assembly of the Municipality has determined and does hereby determine that 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 following projects:

LOOP WATER TRANSMISSION MAIN PHASE IV	\$837,000
THUNDERBIRD HEIGHTS WATER UPGRADE	\$711,450

WHEREAS, it is deemed necessary and advisable and in the best interests of the Municipality and its inhabitants that a final application be submitted and such other actions as may be necessary be taken to borrow an amount not to exceed **\$1,548,450** from the Fund for the purpose of financing a portion of the costs associated with said Projects.

NOW THEREFORE, the Municipality of Anchorage ordains:

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

"Gross Revenues" means all rates and charges and other income (including income from Water Fund investments), in each case derived by or for the account of the Municipality from the ownership, leasing or operation of the Water System, except proceeds from the sale of bonds or notes, any grants received for the Water System 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 Water System.

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

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17 "System" means the existing water utility system of the Municipality as the same will be added  
18 to, improved and extended as authorized and provided in this Ordinance, and as the same may be  
19 added to, improved and extended for as long as the loan authorized by this Ordinance is  
20 outstanding, but shall not include such water supply, treatment, transmission and distribution  
21 facilities that may be hereafter purchased, constructed or otherwise acquired by the Municipality as a  
22 separate water utility system, the revenues of which may be pledged to the payment of bonds or  
23 notes issued to purchase, construct or otherwise acquire and improve such separate system. The  
24 term System shall also include the wastewater system of the Municipality if hereafter combined with  
25 the water utility.

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27 "Lien Revenue Bonds" means all publicly marketed revenue bonds or other obligations issued  
28 by the Municipality having a lien on net revenue (Gross Revenues less Operating Expenses).

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30 Section 2. Purpose. The purpose of this Ordinance is to authorize the borrowing of not to  
31 exceed **\$1,548,450** from the Fund in the form of a loan to provide funds to finance a portion of the  
32 capital costs of the Projects and to fix certain details of said loan.

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34 Section 3. Authority for Ordinance. The Assembly has ascertained and hereby determines  
35 that each and every matter and thing as to which provision is made in this Ordinance is necessary in  
36 order to carry out and effectuate the purposes of the Municipality in accordance with the Constitution  
37 and statutes of the State of Alaska, and the Home Rule Charter of the Municipality, and to incur the  
38 indebtedness authorized by this Ordinance.

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40 Section 4. Obligation of Loan. The obligation to repay the loan authorized by this Ordinance  
41 shall not be a direct and general obligation of the Municipality and neither the faith and credit nor the  
42 taxing power of the Municipality is pledged to the payment of the principal of and interest on the loan.  
43 The Gross Revenues less the Operating Expenses of the System are hereby pledged to repayment  
44 of the loan authorized by this Ordinance. Such pledge shall be subordinate to the lien on net  
45 revenues of lien revenue bonds of the Municipality heretofore and hereafter issued.

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47 Section 5. Authorization of Loan and Purpose of Issuance. For the purpose of providing a  
48 portion of the funds required to pay the cost of the Projects described herein, and to pay all costs  
49 incidental thereto, the Municipality hereby authorizes and determines to borrow money from the Fund  
50 in the form of a loan in an aggregate principal amount not to exceed **\$1,548,450**.

1        Section 6. Loan Application. The General Manager of the Anchorage Water & Wastewater  
2        Utility ("AWWU") is hereby authorized and directed to complete and submit to the State Department  
3        of Environmental Conservation an application to borrow money from the Fund for the purpose of  
4        financing a portion of the costs of the Projects as authorized in this Ordinance.

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6        Section 7. Negotiation of Terms and Approval of Amount, Interest Rates, Maturities and Other  
7        Details of Loans. The General Manager of AWWU shall negotiate with the State and the Assembly  
8        shall by resolution approve the total amount of the loan to be entered into for the Projects; the  
9        interest rate, which shall not exceed 75 percent of the Merrill Lynch 50 State General Revenue Bond  
10       Index as published in the Wall Street Journal on the Friday preceding the closing of any loan; the  
11       interest and principal payment dates, the maturities, which shall not exceed 20 years, and any other  
12       details of the loan.

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14       Section 8. Authority of Officers. The Mayor, the Acting Mayor from time to time, the Municipal  
15       Manager, the Chief Fiscal Officer, the General Manager of AWWU, the Municipal Clerk and the  
16       Acting Municipal Clerk from time to time, are, and each of them hereby is, authorized and directed to  
17       do and perform all things and determine all matters not determined by this Ordinance, or to be  
18       determined by a subsequent ordinance or resolution of the Municipality, to this end that the  
19       Municipality may carry out its obligations under the loan and this Ordinance.

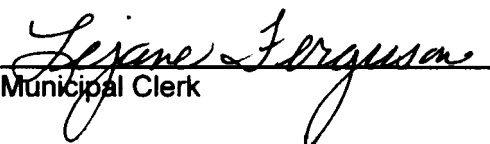
20  
21       Section 9. Severability. If any one or more of the covenants and agreements provided in this  
22       Ordinance to be performed on the part of the Municipality shall be declared by any court of  
23       competent jurisdiction to be contrary to law, then such covenant and agreements shall be null and  
24       void and shall be deemed separable from the remaining covenant and agreement in this Ordinance  
25       and shall in no way affect the facility of the other provisions of this Ordinance or of the loan entered  
26       into pursuant to this Ordinance.

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28       Section 10. Effective Date. This Ordinance shall take effect immediately.

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30       PASSED AND APPROVED by the Anchorage Assembly this 19<sup>th</sup> day of June, 2001

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37       ATTEST:

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41       Municipal Clerk  
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**MUNICIPALITY OF ANCHORAGE**  
Summary of Economic Effects - Utilities

AO Number: 2001-119

Title: An Ordinance authorizing and providing for the borrowing of a total amount of \$1,548,450 from the State of Alaska Drinking Water Fund for the purpose of paying a portion of the cost of water capital improvements (Anchorage Loop IV and Thunderbird Hts Water Upgrade)

Sponsor:

Preparing Agency: Anchorage Water & Wastewater Utility

Others Affected: None

CHANGES IN EXPENDITURES AND REVENUES (Thousands of dollars)

Operating Revenues:	FY01	FY02	FY03	FY04	FY05
TOTAL OPERATING REVENUES:					
Operating Expenses:					
TOTAL OPERATING EXPENSES:					
Non-Operating Revenues:					
TOTAL NON-OPERATING REVENUES:					
Non-Operating Expenses:					
Interest Expense	67	65	62	60	58
TOTAL NON-OPERATING EXPENSES:					
NET INCOME (REGULATED)					
POSITIONS: FT/PT/TEMP					

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

Public Sector Economic Effects:

- Interest expense is 75% of the Municipal Bond Index - at 4/27/01 (5.76% x .75 = 4.32%)
- Terms of Loan - fully amortizing, equal payments, 20 years, end of period, annual payments
- Total Principal and Interest per year = \$ 117,189.
- Payments to begin one year after construction completion

Private Sector Economic Effects:

- None

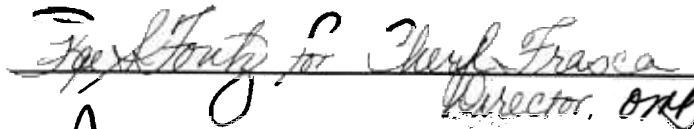
If further explanation is necessary, a separate page may be attached.

Prepared by:

  
David Johnston, Senior Staff Accountant, AWWU


Telephone: 786-5512

Validated by OMB

  
Cheryl Frasca, Director, OMB


Date: 5/7/01

Approved by:

  
Mark Premo, General Manager, AWWU

Date: 5/2/01

Approved by

  
Harry J. Kieling, Municipal Manager

Date: 5/29/01