

Requested by: Chair of the Assembly at the  
Request of the Mayor

Prepared by: Cynthia M. Weed, Bond Counsel  
K&L Preston Gates Ellis LLP

For Reading: May 22, 2007

CLERK'S OFFICE

APPROVED

Date: 6-12-07

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
**ORDINANCE No. 2007-77**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF  
SUBORDINATE LIEN WATER REVENUE AND REFUNDING BONDS FOR THE  
ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE  
PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000 FOR THE PURPOSE OF  
PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS AND TO  
REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

**WHEREAS**, the Municipality of Anchorage, Alaska (the "Municipality") has established  
the Anchorage Water & Wastewater Utility under Title 31 of the Anchorage Municipal  
Code ("AWWU"), which owns, operates and maintains a water utility (hereinafter defined  
as "AWU"); and

**WHEREAS**, AWU is in need of certain additions, improvements and extensions  
(hereinafter defined as the "Projects"); and

**WHEREAS**, the Municipality has outstanding the revenue bonds described with  
particularity on Exhibit A, which have a lien on the revenues of AWU (defined on  
Exhibit A as the "1998 Bonds" and the "New Lien Bonds"); and

**WHEREAS**, as a result of changed market conditions it appears that substantial debt  
service savings may be obtained by refunding all or a portion of the 1998 Bonds and the  
New Lien Bonds through the issuance of a portion of the bonds herein authorized (defined  
herein as the "Refunding Bonds"); and

1 **WHEREAS**, the Constitution and statutes of the State of Alaska and Article XV of the  
2 Home Rule Charter of the Municipality permit the Municipality to issue refunding bonds  
3 payable out of the revenues of AWU without ratification by an election; and

4 **WHEREAS**, because the amount of Refunding Bond proceeds and the obligations  
5 necessary to effect the refunding of the Refunded Bonds depend, in part, on the interest rate  
6 or rates to be borne by the bonds to be issued pursuant to this ordinance, the exact amount  
7 of Refunding Bond proceeds required and the specific obligations to be acquired shall be  
8 fixed in accordance with the terms set forth herein; and

9 **WHEREAS**, the Municipality now deems it to be in the best interest of the inhabitants of  
10 the Municipality to provide for the financing of the Projects by the issuance of the water  
11 revenue bonds herein authorized (hereinafter defined as the "Improvement Bonds"); and

12 **WHEREAS**, it appears to the Assembly that it is in the best interest of the Municipality  
13 and AWU that the Improvement Bonds and Refunding Bonds be sold in one or more series  
14 of water revenue bonds (hereinafter defined as the "Bonds") with an aggregate principal  
15 amount of not to exceed \$100,000,000; and

16 **WHEREAS**, the Assembly has received a Board Memorandum from the Board of  
17 AWWU, adopted and approved on May 2, 2007, requesting that the Municipality approve  
18 the issuance of the Bonds; and

19 **WHEREAS**, Ordinance Nos. AO 99-118(S) and AO 2004-76 permit the Municipality to  
20 issue bonds in the future on a parity with the 1999 Bonds and the 2004 Bonds upon  
21 compliance with the terms and conditions set forth in the Ordinance Nos. AO 99-118(S)  
22 and AO 2004-76, respectively (the "Parity Conditions"); and

1 **WHEREAS**, the Municipality has been assured that the Parity Conditions have or will be  
2 complied with prior to the closing and delivery of the proposed revenue bonds; and

3 **WHEREAS**, it is necessary to establish the form and manner of sale of such revenue  
4 bonds by ordinance; now, therefore,

5 **THE ANCHORAGE ASSEMBLY ORDAINS:**

6 **Section 1.** **Purpose.** The purpose of this ordinance is to approve and provide for the  
7 issuance and sale of not to exceed \$100,000,000 of water revenue bonds to provide moneys  
8 to pay the costs of refunding the Refunded Bonds, to pay or reimburse AWU for the costs  
9 of the Projects, to pay costs of issuance, to capitalize interest, to provide for reserves and to  
10 fix the form, certain covenants and manner of sale for said revenue bonds.

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

13 ***Aggregate Debt Service*** means, with respect to any bonds and as of any date of  
14 calculation, the sum of the (i) interest accruing during such period on bonds, and  
15 (ii) that portion of principal installment for such bonds.

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

18 ***AWU*** means the Anchorage Water Utility, operated and managed by AWWU.

19 ***AWWU*** means the Anchorage Water & Wastewater Utility, established and  
20 managed as provided for in Title 31 of the Anchorage Municipal Code.

21 ***AWWU Memorandum*** means the Board Memorandum of the governing board of  
22 AWWU, adopted and approved on May 2, 2007 recommending approval by the  
23 Assembly of the issuance of the Bonds.

1        **Bond** or **Bonds** means any of the water revenue and refunding bonds of the  
2        Municipality the issuance and sale of which are approved herein, consisting of the  
3        Improvement Bonds and the Refunding Bonds.

4        **Bond Purchase Contract** means the purchase contract(s) for each series of the  
5        Bonds between the Municipality and the Underwriters entered into pursuant to the  
6        terms of Section 7 of this ordinance.

7        **Charter** means the Anchorage Municipal Charter as the same may be amended  
8        from time to time.

9        **Chief Fiscal Officer** means the chief fiscal officer of the Municipality appointed  
10       and confirmed pursuant to Section 5.05 of the Anchorage Municipal Charter.

11       **Facilities** means existing water utility facilities of AWU as the same may be added  
12       to, improved and extended for as long as any of the Parity Bonds are outstanding,  
13       but shall not include such water treatment, transmission and distribution facilities  
14       that may be hereafter purchased, constructed or otherwise acquired by AWU as a  
15       separate water utility system, the revenues of which may be pledged to the payment  
16       of bonds issued to purchase, construct or otherwise acquire and improve such  
17       separate systems.

18       **Improvement Bonds** means that portion of the Bonds authorized to be issued  
19       herein for the purpose of financing the cost of AWU capital projects pursuant to  
20       Section 3 of this ordinance.

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

23       **1998 Bond Ordinance** means Ordinance No. AO 98-71, passed on May 5, 1998.

1       **1998 Bonds** means the Municipality of Anchorage, Alaska, Senior Lien Water  
2       Revenue and Refunding Bonds, 1998, issue pursuant to the 1998 Bond Ordinance,  
3       which remain outstanding in the principal amount of \$16,965,000.

4       **1998 Refunding Candidates** means some or all of the callable portion of the 1998  
5       Bonds maturing on and after August 1, 2009.

6       **1999 Bond Ordinance** means Ordinance No. AO 99-118(S), passed on October 12,  
7       1999.

8       **1999 Bonds** means the Municipality of Anchorage, Alaska, Subordinate Lien Water  
9       Revenue and Refunding Bonds, 1999, issued pursuant to the 1999 Bond Ordinance,  
10      which remain outstanding in the principal amount of \$57,850,000.

11      **1999 Refunding Candidates** means some or all of the callable portion of the 1999  
12      Bonds maturing on and after September 1, 2010.

13      **New Lien Bond Fund** means the special fund designated as the “Anchorage Water  
14      Revenue Bond Fund” originally established pursuant to Ordinance No. AO 99-  
15      118(S).

16      **New Lien Bonds** means the 1999 Bonds and the 2004 Bonds described in the  
17      recitals of this ordinance, the Bonds and any Future New Lien Bonds.

18      **Parity Conditions** mean the conditions under which the Municipality may issue  
19      bonds in the future having a parity of lien on the available revenues of AWU with  
20      the lien of the 1999 Bonds and the 2004 Bonds, being those conditions set forth in  
21      Ordinance Nos. AO 99-118(S) and AO 2004-76.

22      **Prior Lien Bond Fund** means the Anchorage Senior Lien Water Revenue Bond  
23      Fund created by Section 13 of Ordinance No. AO 84-136.

1       **Projects** means the improvements made and to be made to AWU, as approved in  
2       Section 3 of this ordinance.

3       **Refunded Bonds** mean some or all of the Refunding Candidates as set forth in the  
4       Trust Agreement.

5       **Refunding Candidates** mean any or all of the 1998 Refunding Candidates, the 1999  
6       Refunding Candidates and the 2004 Refunding Candidates.

7       **2004 Bond Ordinance** means Ordinance No. AO 2004-76, passed on April 27,  
8       2004.

9       **2004 Bonds** mean the Municipality of Anchorage, Alaska, Subordinate Lien Water  
10      Revenue and Refunding Bonds, 2004, issued pursuant to the 2004 Bond Ordinance,  
11      which remain outstanding in the principal amount of \$15,645,000.

12      **2004 Refunding Candidates** mean some or all of the callable portion of the 2004  
13      Bonds maturing on and after May 1, 2015.

14      **Trust Agreement** means each agreement(s) of that name between the Municipality  
15      and the Registrar, acting in the capacity of a trustee thereunder, with respect to each  
16      series of the Bonds.

17      **Underwriter(s)** has the meaning given such term in the Trust Agreement.

18      **Water Fund** means the special fund of that name created by Section 6 of Ordinance  
19      No. 1002 of the City of Anchorage (a predecessor to the Municipality) as such  
20      section was amended by Section 12 of Ordinance No. AO 84-136.

1 **Section 3.** Authorization of Bonds and Purpose of Issuance. The Municipality hereby  
2 authorizes the issuance and sale of not to exceed \$100,000,000 of water revenue and  
3 refunding bonds in one or more series and/or subseries (the "Bonds"). The Bonds shall be  
4 designated as provided in the Trust Agreement, and be subject to the terms approved by the  
5 Chief Fiscal Officer, as set forth in the Trust Agreement.

6 The Bonds shall be deemed to mature on the dates and principal amounts set forth  
7 and approved in the contract of purchase for the Bonds approved by the Chief Fiscal  
8 Officer pursuant to Section 7 of this ordinance.

9 The portion of the Bonds designated as the Improvement Bonds shall be used to  
10 pay or to reimburse AWU for the costs of the certain additions, betterments and  
11 improvements to the Facilities undertaken as a part of the capital improvement plans  
12 (collectively, the "Projects"); to fund or provide for reserves; to capitalize interest on a  
13 portion of the Bonds; and to pay costs of issuance.

14 For the purpose of refunding the Refunded Bonds and thereby effecting a  
15 substantial savings in debt service to the Municipality for the benefit of the ratepayers of  
16 AWU, the Municipality shall issue a portion of the Bonds to be designated in the Trust  
17 Agreement as the Refunding Bonds.

18 The exact principal amount of the Bonds and the allocation of the principal  
19 amounts to Improvement Bonds and Refunding Bonds shall be determined at the time of  
20 marketing of the Bonds and shall be consistent with the pricing guidelines established in  
21 Section 7 of this ordinance. The Bonds shall be payable in the manner and from such fund  
22 or funds and shall be secured all as provided in the hereafter authorized Trust Agreement.

**Section 4.** Issuance Subject to Compliance With Parity Conditions. The issuance of each series of Parity Bonds is conditioned upon compliance with the applicable requirements of the Parity Conditions. The issuance of each series of Bonds is conditioned upon compliance with the applicable requirements of the Parity Conditions.

**Section 5.** Form of Bonds. The Bonds shall be in substantially the following form with such additions and modifications as shall be appropriate to reflect the final negotiated terms of the Bonds.

UNITED STATES OF AMERICA  
No. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA  
ANCHORAGE, ALASKA  
WATER REVENUE [AND REFUNDING BOND], 2007

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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 "Water Revenue Bond Redemption Fund" (the "Bond Fund") created by authority of Ordinance No. AO 99-118(S) of the Municipality on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon at the Interest Rate shown above, payable on \_\_\_\_\_ 1, 2007, and semiannually thereafter on the first days of \_\_\_\_\_ and \_\_\_\_\_, or until such Principal Amount shall have been paid or duly provided for. Payments of principal of and interest on this bond shall be made as provided in The Depository Trust Company Operational Arrangements Memorandum dated December 12, 1994, as amended from time to time and referred to in the Blanket Issuer Letter of Representations dated July 1, 1995, between the Municipality and The Depository Trust Company (together, the "Letter of Representations") for so long as this bond is held in book entry only form. \_\_\_\_\_, Seattle, Washington has been appointed as the authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").



1 This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as  
2 to number, rate of interest, and date of maturity, aggregating the principal sum of  
3 \$\_\_\_\_\_ and is issued pursuant to the Constitution and statutes of the State of  
4 Alaska and the Home Rule Charter and duly adopted ordinances and resolutions of the  
5 Municipality, including particularly, Ordinance No. \_\_\_\_\_ of the Municipality (the "Bond  
6 Ordinance") and a Trust Agreement dated \_\_\_\_\_, 2007 between the Municipality and  
7 the Registrar (the "Trust Agreement") for the purpose of paying or reimbursing the costs of  
8 certain capital projects, paying the costs of refunding certain outstanding water revenue  
9 bonds of the Municipality and to pay costs of issuance. The definitions contained in the  
10 Bond Ordinance shall apply to capitalized terms contained herein.

11  
12 Certain maturities of the Bonds are subject to optional and/or mandatory  
13 redemption prior to their scheduled maturities.

14  
15 The Municipality does hereby pledge and bind itself to set aside out of Gross  
16 Revenues and the money in the Water Fund and to pay into the Bond Fund the various  
17 amounts required by the Bond Ordinance and the Trust Agreement to be paid into and  
18 maintained in said fund all within the times provided in the Bond Ordinance and the Trust  
19 Agreement. The Municipality has further pledged and bound itself to pay into such Water  
20 Fund, as collected, all Gross Revenues.

21  
22 The pledge of Gross Revenues and moneys in the Water Fund contained herein and  
23 in the Bond Ordinance may be discharged by making provision, at any time, for the  
24 payment of the principal of and interest on this bond in the manner provided in the Trust  
25 Agreement.

26  
27 The amounts so pledged to be paid out of said Water Fund into the Bond Fund are  
28 hereby declared to be a lien and charge upon the money in the Water Fund and Gross  
29 Revenues superior to all other charges of any kind or nature except Operating Expenses  
30 (specifically excluding Municipal Utility Service Assessments and successor payments in  
31 lieu of property taxes), and subordinate to the lien and charge thereon for amounts pledged  
32 to the payment of the Senior Lien Water Revenue and Refunding Bonds, 1998, issued  
33 under date of June 1, 1998, and equal in lien to the Subordinate Lien Water Revenue and  
34 Refunding Bonds, 1999 and the Water Revenue and Refunding Bonds, 2004 and any  
35 revenue bonds of the Municipality issued in the future on a parity therewith and herewith.

36  
37 It is hereby certified that all acts, conditions and things required by the Constitution  
38 and statutes of the State of Alaska and the Home Rule Charter, resolutions and ordinances  
39 of the Municipality to be done precedent to and in the issuance of this Bond have  
40 happened, been done and performed.

1 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has caused this  
2 Bond to be executed with the manual or facsimile signature of its Mayor or Municipal  
3 Manager and to be attested with the manual or facsimile signature of the Clerk or Deputy  
4 Clerk and the official seal of the Municipality to be impressed, imprinted or otherwise  
5 reproduced hereon, this \_\_\_\_ day of \_\_\_\_\_, 2007.

6  
7 MUNICIPALITY OF ANCHORAGE,  
8 ALASKA  
9

10  
11 By /s/ manual or facsimile signature  
12 Mayor/Municipal Manager

13 Attested:

14  
15 /s/manual or facsimile signature  
16 Clerk/Deputy Clerk  
17

18 (Form of Certificate of Authentication)  
19

20 Date of Authentication:  
21

22 This Bond is one of the Municipality of Anchorage, Alaska, Water Revenue [and  
23 Refunding] Bonds, 2007, described in and issued pursuant to the within mentioned Bond  
24 Ordinance.  
25

26 \_\_\_\_\_, as  
27 Registrar  
28

29 By \_\_\_\_\_  
30 Authorized Signer  
31  
32

33 In the event the Bonds are no longer held in book-entry only form, the form of  
34 Bonds may be modified to conform to printing requirements and the terms of this  
35 ordinance and the Trust Agreement.

36 **Section 6.** Execution of Bonds. The Bonds of each series shall be executed on behalf  
37 of the Municipality with the manual or facsimile signature of the Mayor or Municipal  
38 Manager, attested with the manual or facsimile signature of the Clerk or Deputy Clerk of  
39 the Municipality and authenticated by the manual signature of an authorized representative

1 of the Registrar. The official seal of the Municipality shall be impressed or imprinted or  
2 otherwise reproduced on each Bond. In case any of the officers who shall have signed,  
3 attested or registered any of the Bonds shall cease to be such officer before such Bonds  
4 have been actually issued and delivered, such Bonds shall be valid nevertheless and may be  
5 issued by the Municipality with the same effect as though the persons who had signed,  
6 attested or registered such Bonds had not ceased to be such officers.

7 **Section 7. Designation of Refunded Bonds; Sale of Bonds.**

8 (a) *Designation of Refunded Bonds.* As outlined in Exhibit A, certain  
9 principal maturities of the 1998 Bonds, the 1999 Bonds and the 2004 Bonds  
10 may be called for redemption prior to their scheduled maturities. All or  
11 some of these bonds may be refunded and refinanced with the proceeds of  
12 the Refunding Bonds authorized by this ordinance ("Refunding  
13 Candidates"). The Chief Fiscal Officer may select some or all of the  
14 Refunding Candidates and designate those Refunding Candidates as the  
15 "Refunded Bonds" in the respective Bond Purchase Contract for the Bonds  
16 of each series.

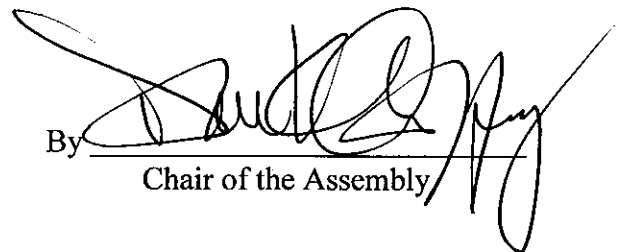
17 (b) *Bond Sale.* The Bonds shall be sold at negotiated sale(s) to the  
18 Underwriters. The Chief Fiscal Officer of the Municipality is hereby  
19 authorized to negotiate terms for the purchase of the Bonds and execute the  
20 Bond Purchase Contract(s) with the Underwriters. The Assembly has been  
21 advised by the Underwriters that market conditions, which are particularly  
22 critical in maximizing the savings effected by the issuance of the Bonds, are  
23 fluctuating and, as a result, the most favorable market conditions may occur

1 on a day other than a regular meeting date of the Assembly. The Assembly  
2 has determined that it would be inconvenient to hold a special meeting on  
3 short notice and, accordingly, has determined that it would be in the best  
4 interest of the Municipality to delegate to the Chief Fiscal Officer for a  
5 limited time the authority to approve final principal maturities on the Bonds  
6 and interest rates on the Bonds and other terms and conditions. The final  
7 interest rates for the Bonds shall be determined by agreement among the  
8 Underwriters, financial advisor and the Chief Fiscal Officer and shall be set  
9 forth in the Trust Agreement. The Chief Fiscal Officer is hereby authorized  
10 to approve the series, the final principal maturities and final maturity  
11 amounts of each series of the Bonds, redemption provisions and the final  
12 interest rates and yields for the Bonds in the manner provided hereafter.  
13 However, no series of Refunding Bonds shall be issued unless there is at  
14 least a three percent (3%) net present value savings in the Aggregate Debt  
15 Service of such Refunded Bonds when compared to the Aggregate Debt  
16 Service of the Refunding Bonds. In determining the series, maturities,  
17 principal amounts, redemption terms and rate or rates of interest of the  
18 Bonds, the Chief Fiscal Officer shall, in consultation with the  
19 Municipality's financial advisor, take into account those factors which, in  
20 his judgment, will result in the lowest net effective interest cost on the  
21 Bonds to their maturity, including, but not limited to current financial  
22 market conditions and current interest rates for obligations comparable in  
23 tenor and quality to the Bonds. The Chief Fiscal Officer is hereby

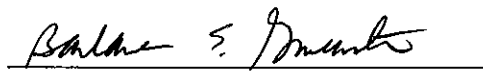
1 authorized to execute the final form of the Bond Purchase Contract(s). The  
2 authority granted to the Chief Fiscal Officer by this Section 7 shall expire in  
3 120 days from the date of approval of this ordinance, and if final interest  
4 rates have not been approved by the Chief Fiscal Officer in accordance with  
5 the delegated authority of this Section 7 within 120 days, no final Bond  
6 terms shall be approved without further advice and consultation of the  
7 Assembly at a regular or special meeting.

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

10 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this 12<sup>th</sup>  
11 day of June, 2007.

12  
13  
14  
15  
16  
17 By   
Chair of the Assembly

17 ATTEST:

18  
19   
20 Municipal Clerk

# EXHIBIT A

## MUNICIPALITY OF ANCHORAGE OUTSTANDING BONDS AND REFUNDING CANDIDATES

The Municipality has outstanding the following described revenue bonds having a senior lien on the revenues of AWU:

Authorizing Ordinance	Bond Designation	Date of Bonds	Original Principal Amount	Principal Amount Outstanding (5/1/07)
AO 98-71	Senior Lien Water Revenue and Refunding Bonds, 1998 ("1998 Bonds")	June 1, 1998	\$28,930,000	\$16,965,000

The 1998 Bonds issued pursuant to Ordinance No. AO 98-71 passed on May 5, 1998, (the "1998 Bond Ordinance"), mature in principal amounts and bear interest as follows:

Maturity Years (August 1)	Principal Amounts	Interest Rates
2007	\$ 1,770,000	5.25%
2008	1,865,000	5.25
2009	1,960,000	5.00
2010	2,060,000	5.00
2011	2,160,000	5.00
2012	2,270,000	5.00
2013	2,380,000	5.00
2014	2,500,000	5.00

The 1998 Bond Ordinance authorizes the defeasance and optional redemption of the 1998 Bonds maturing on or after August 1, 2009, in whole or in part on any date on and after August 1, 2008 (the "1998 Refunding Candidates") at the following applicable redemption price, plus accrued interest, if any, to the date fixed for redemption:

Redemption Dates (inclusive)	Redemption Prices
August 1, 2008 through July 31, 2009	101.0%
August 1, 2009 through July 31, 2010	100.5
August 1, 2010 and thereafter	100.0

The Municipality has outstanding the following described revenue bonds having a subordinate lien on the revenues of AWU:

Authorizing Ordinance	Bond Designation	Date of Bonds	Original Principal Amount	Principal Amount Outstanding (5/1/07)
AO 99-118(S)	Subordinate Lien Water Revenue and Refunding Bonds, 1999 (the "1999 Bonds")	October 15, 1999	\$ 68,515,000	\$ 57,850,000
AO 2004-76	Water Revenue and Refunding Bonds, 2004 (the "2004 Bonds")	June 10, 2004	18,595,000	15,645,000

(collectively, the "New Lien Bonds").

The 1999 Bonds issued pursuant to Ordinance No. AO 99-118(S) passed on October 12, 1999, (the "1999 Bond Ordinance"), mature in principal amounts and bear interest as follows:

Maturity Years (September 1)	Principal Amounts	Interest Rates
2007	\$ 1,685,000	5.100%
2008	1,765,000	5.125
2009	1,835,000	5.250
2010	1,920,000	5.375
2011	2,000,000	5.400
2012	2,595,000	5.500
2013	2,735,000	5.625
2014	2,895,000	5.750
2015	3,060,000	5.875
2016	3,235,000	5.875
2017	3,425,000	6.000
2018	3,630,000	6.000
2019	3,845,000	6.000
2024	18,615,000	6.000
2029	4,610,000	6.000

The 1999 Bond Ordinance authorizes the defeasance and optional redemption of the 1999 Bonds maturing on or after September 1, 2010, in whole or in part on any date on and after September 1, 2009 (the "1999 Refunding Candidates") at the following applicable redemption price, plus accrued interest, if any, to the date fixed for redemption:

Redemption Dates (inclusive)	Redemption Prices
September 1, 2009 through August 31, 2010	101%
September 1, 2010 and thereafter	100

The 2004 Bonds issued pursuant to Ordinance No. AO 2004-76 passed on April 27, 2004, (the "2004 Bond Ordinance"), mature in principal amounts and bear interest as follows:

Maturity Years (May 1)	Principal Amounts	Interest Rates
2008	\$ 515,000	3.000%
2009	190,000	3.375
2010	545,000	3.625
2011	200,000	3.750
2012	570,000	4.000
2013	595,000	4.000
2015	395,000	4.375
2016	410,000	4.500
2017	430,000	4.500
2018	20,000	4.600
2018	430,000	5.000
2019	25,000	4.700
2019	450,000	5.000
2020	55,000	4.750
2020	445,000	5.000
2021	520,000	4.800
2022	550,000	5.000
2023	575,000	5.000
2024	605,000	5.100
2029	3,120,000	5.125
2034	5,000,000	5.125

The 2004 Bond Ordinance authorizes the defeasance and optional redemption of the 2004 Bonds maturing on or after May 1, 2015, in whole or in part on any date on and after May 1, 2014 (the "2004 Refunding Candidates" and together with the 1998 Refunding Candidates and the 1999 Refunding Candidates, the "Refunding Candidates")) at a price of 100% of the principal amount thereof to be redeemed, plus accrued interest, if any, to the date fixed for redemption.



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MUNICIPALITY OF ANCHORAGE, ALASKA

ORDINANCE No. 2007-77

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF SUBORDINATE LIEN WATER REVENUE AND REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS AND TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

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**MUNICIPALITY OF ANCHORAGE**  
**ORDINANCE No. AO 2007-77**

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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

## Summary of Economic Effects -- Anchorage Water and Wastewater Utility

AO Nos. 2007 -77 and -78

Titles:

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF SUBORDINATE LIEN WATER REVENUE AND REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS, AND TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

and

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF WASTEWATER REVENUE AND REFUNDING BONDS FOR THE ANCHORAGE WASTEWATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$65,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS AND TO REFUND CERTAIN OUTSTANDING WASTEWATER REVENUE BONDS.

Sponsor: MAYOR  
 Preparing Agency: Finance Department  
 Others Impacted: Anchorage Water and Wastewater Utility

<b>CHANGES IN EXPENDITURES AND REVENUES:</b>		<b>(In Thousands of Dollars)</b>				
	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	
<b>Operating Expenditures</b>						
1000 Personal Services						
2000 Non-Labor						
3900 Contributions						
4000 Debt Service	(\$7)	(\$135)	(\$135)	(\$134)	(\$131)	
4000 Debt Service	\$1,722	\$5,039	\$5,039	\$5,039	\$5,039	
<b>TOTAL DIRECT COSTS:</b>	<b>\$ 1,715</b>	<b>\$ 4,904</b>	<b>\$ 4,904</b>	<b>\$ 4,905</b>	<b>\$ 4,908</b>	
Add: 6000 Charges from Others						
Less: 7000 Charges to Others						
<b>FUNCTION COST:</b>	<b>\$ 1,715</b>	<b>\$ 4,904</b>	<b>\$ 4,904</b>	<b>\$ 4,905</b>	<b>\$ 4,908</b>	
<b>REVENUES:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>CAPITAL:</b>						
<b>POSITIONS: FT/PT and Temp</b>						

### PUBLIC SECTOR ECONOMIC EFFECTS:

Approval provides for annual nominal savings noted above and \$4,454,287 over the life of the refunding bonds using current interest rates as of May 3, 2007. Net present value savings over the life of the refunding bonds is \$2,659,510. The refunding bonds are scheduled to mature in the year 2034.

Approval also provides for the issuance of new money bonds to fund the Capital Improvement Program of AWWU through the year 2008 and results in the required debt service amounts noted above. The new money bonds are scheduled to mature in the year 2037.

### PRIVATE SECTOR ECONOMIC EFFECTS:

At this time there is no rate impact expected to be associated with the new money portion of this bond issue through 2008. Beginning in 2009, any rate impact would be subject to AWWU's budgeting process and subject to approval by the Regulatory Commission of Alaska (RCA). Because RCA approval cannot be assured, it is unclear what rate impact would occur as a result of the new money portion of this bond sale, if any.



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 344-2007

Meeting Date: May 22, 2007

**From:** MAYOR

**Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF SUBORDINATE LIEN WATER REVENUE AND REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS AND TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

and

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF WASTEWATER REVENUE AND REFUNDING BONDS FOR THE ANCHORAGE WASTEWATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$65,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS AND TO REFUND CERTAIN OUTSTANDING WASTEWATER REVENUE BONDS.

These two ordinances provide for the issuance of not to exceed \$100 million of 2007 Water Revenue and Refunding Bonds and not to exceed \$65 million of 2007 Wastewater Revenue and Refunding Bonds. The proceeds of the new money bonds aggregating \$106.4 million will be used for capital improvements described in the Capital Improvement Plan for AWWU through the year 2008. Approximately \$28 million of the new money bond proceeds will be used to immediately reimburse the Municipal Cash Pool for advances made to AWWU for capital expenditures during the planning phase of this bond issue. The proceeds of the refunding bonds aggregating \$48.8 million will refund certain outstanding debt obligations of AWWU and are projected to result in future debt service savings of \$4,454,287. This represents a savings of 9.130% of the refunded bonds for both the wastewater utility and the water utility, using market interest rates as of May 3, 2007. The net present value savings of the refunding portion of the bonds is \$2,659,510 which represents a savings of 5.451% of the refunded bonds.

The Municipality of Anchorage Chief Fiscal Officer is authorized by Section 7 of each of the Ordinances to negotiate terms for the sale of the Bonds and to execute a contract for

1 their sale in the Municipality's best interest. The current work and sale schedule calls for  
2 sale of the bonds to take place in late June.

3  
4 On May 2, 2007, the AWWU Board of Directors unanimously adopted a memorandum  
5 approving the issuance of these bonds.

6  
7 **THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE OF**  
8 **THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR,**  
9 **AUTHORIZING AND APPROVING THE ISSUANCE OF SUBORDINATE LIEN**  
10 **WATER REVENUE AND REFUNDING BONDS FOR THE ANCHORAGE**  
11 **WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE**  
12 **PRINCIPAL AMOUNT OF NOT TO EXCEED \$100,000,000 FOR THE PURPOSE**  
13 **OF PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS AND**  
14 **TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS;**

15 **and**

16 **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,**  
17 **PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF**  
18 **WASTEWATER REVENUE AND REFUNDING BONDS FOR THE ANCHORAGE**  
19 **WASTEWATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE**  
20 **PRINCIPAL AMOUNT OF NOT TO EXCEED \$65,000,000 FOR THE PURPOSE**  
21 **OF PROVIDING FUNDS TO FINANCE CERTAIN CAPITAL PROJECTS AND**  
22 **TO REFUND CERTAIN OUTSTANDING WASTEWATER REVENUE BONDS.**

23  
24 Prepared by: Ross Risvold, Public Finance & Investments Manager  
25 Recommended by: Jeffrey E. Sinz, Chief Fiscal Officer  
26 Concurrence: Mark Premo, General Manager, AWWU  
27 Concurrence: James N. Reeves, Municipal Attorney  
28 Concurrence: Denis C. LeBlanc, Municipal Manager  
29 Respectfully submitted: Mark Begich, Mayor  
30

**Content Information****Content ID :** 005091**Type:** Ordinance - AO

Water Revenue and Refunding Bonds for the Anchorage Water

**Title:** Utility in the Aggregate Principal Amount Not To Exceed  
\$100,000,000, Finance**Author:** pruittns**Initiating Dept:** Finance**Description:** We are submitting one AM & SEE for two separate Ordinance  
pertaining to AWWU Revenue & Refunding Bonds**Keywords:** Not to Exceed \$100,000,000, Bonds**Date Prepared:** 5/10/07 4:53 PM**Director Name:** Jeffrey Sinz**Assembly Meeting**  
**Date MM/DD/YY:** 5/22/07**Public Hearing Date**  
**MM/DD/YY:** 6/12/07M.O.A.  
2007 MAY 11 PM 4:29  
CLERK'S OFFICE**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	5/10/07 4:55 PM	Checkin	pruittns	Public	005091
Finance_SubWorkflow	5/10/07 5:49 PM	Approve	mitsonjl	Public	005091
OMB_SubWorkflow	5/10/07 5:50 PM	Approve	mitsonjl	Public	005091
Legal_SubWorkflow	5/11/07 9:59 AM	Approve	fehlenrl	Public	005091
MuniManager_SubWorkflow	5/11/07 12:26 PM	Approve	leblancdc	Public	005091
MuniMgrCoord_SubWorkflow	5/11/07 3:09 PM	Approve	abbottmk	Public	005091