

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

CITY'S OFFICE

APPROVED

Date: 6-12-07

MUNICIPALITY OF ANCHORAGE, ALASKA
ORDINANCE No. 2007-78

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.

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 wastewater utility (hereinafter
defined as "ASU"); and

WHEREAS, ASU 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 ASU (the "Outstanding
Parity 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 Outstanding Parity
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 ASU 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
11 wastewater revenue bonds herein authorized (hereinafter defined as the "Improvement
12 Bonds"); and

13 **WHEREAS**, it appears to the Assembly that it is in the best interest of the Municipality
14 and ASU that the Improvement Bonds and Refunding Bonds be sold in one or more series
15 of wastewater revenue bonds (hereinafter defined as the "Bonds") with an aggregate
16 principal amount of not to exceed \$65,000,000; and

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

20 **WHEREAS**, Ordinance Nos. AO 99-119(S) and AO 2004-75 permit the Municipality to
21 issue revenue bonds in the future on a parity with the Outstanding Parity Bonds upon
22 compliance with the terms and conditions set forth in the Ordinance Nos. AO 99-119(S)
23 and AO 2004-75, 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 \$65,000,000 of wastewater revenue bonds to provide
8 moneys to pay the costs of refunding the Refunded Bonds, to pay or reimburse ASU for the
9 costs of the Projects, to pay costs of issuance, to capitalize interest, provide for reserves
10 and to 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 ***ASU*** means the Anchorage Wastewater 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 wastewater 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 Fund** means the special fund heretofore created pursuant to Ordinance
5 No. AO 99-119(S) and designated as the "Wastewater Revenue Bond Redemption
6 Fund".

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

10 **Charter** means the Anchorage Municipal Charter as the same may be amended
11 from time to time.

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

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

21 **Improvement Bonds** means that portion of the Bonds authorized to be issued
22 herein for the purpose of financing the cost of ASU capital projects pursuant to
23 Section 3 of this ordinance.

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

3 ***1999 Bond Ordinance*** means Ordinance No. AO 99-119(S), passed on October 12,
4 1999.

5 ***1999 Bonds*** means the Municipality of Anchorage, Alaska, Wastewater Revenue
6 Bonds, 1999, issued pursuant to the 1999 Bond Ordinance, which remain
7 outstanding in the principal amount of \$4,555,000.

8 ***1999 Refunding Candidates*** means the 1999 Bonds maturing on and after
9 September 1, 2010.

10 ***Parity Conditions*** mean the conditions under which the Municipality may issue
11 bonds in the future having a parity of lien on the net revenues of ASU with the lien
12 of the 1999 Bonds and the 2004 Bonds, being those conditions set forth in
13 Ordinance Nos. AO 99-119(S) and AO 2004-75.

14 ***Projects*** means the improvements made and to be made to ASU, as approved in
15 Section 3 of this ordinance.

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

18 ***Refunding Candidates*** mean any or all of the 1999 Refunding Candidates and the
19 2004 Refunding Candidates.

20 ***2004 Bond Ordinance*** means Ordinance No. AO 2004-75, passed on April 27,
21 2004.

1 **2004 Bonds** mean the Municipality of Anchorage, Alaska, Wastewater Revenue
2 Bonds, 2004, issued pursuant to the 2004 Bond Ordinance, which remain
3 outstanding in the principal amount of \$22,200,000.

4 **2004 Refunding Candidates** means some or all of the callable portion of the 2004
5 Bonds maturing on and after May 1, 2015.

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

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

10 **Wastewater Fund** means the special fund No. 550 maintained by the Municipality.

11 **Section 3.** **Authorization of Bonds and Purpose of Issuance.** The Municipality hereby
12 authorizes the issuance and sale of not to exceed \$65,000,000 of wastewater revenue and
13 refunding bonds in one or more series and/or subseries (the "Bonds"). The Bonds shall be
14 designated as provided in the Trust Agreement, and be subject to the terms approved by the
15 Chief Fiscal Officer, as set forth in the Trust Agreement.

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

19 The portion of the Bonds designated as the Improvement Bonds shall be used to
20 pay or to reimburse ASU for the costs of the certain additions, betterments and
21 improvements to the Facilities undertaken as a part of the capital improvement plans
22 (collectively, the "Projects"); to fund or provide for reserves; to capitalize interest on a
23 portion of the Bonds; and to pay costs of issuance.

1 For the purpose of refunding the Refunded Bonds and thereby effecting a
2 substantial savings in debt service to the Municipality for the benefit of the ratepayers of
3 ASU, the Municipality shall issue a portion of the Bonds to be designated in the Trust
4 Agreement as the Refunding Bonds.

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

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

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

17 UNITED STATES OF AMERICA
18 No. _____ \$ _____
19 STATE OF ALASKA
20 ANCHORAGE, ALASKA
21 WASTEWATER REVENUE [AND REFUNDING BOND], 2007
22
23 INTEREST RATE: MATURITY DATE: CUSIP NO.:
24
25 REGISTERED OWNER:
26
27 PRINCIPAL AMOUNT:
28

1 Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of
2 Alaska, hereby acknowledges itself to owe and for value received promises to pay to the
3 Registered Owner identified above, or its registered assigns, solely out of the special fund
4 of the Municipality known as the "Wastewater Revenue Bond Redemption Fund" (the
5 "Bond Fund") created by authority of Ordinance No. AO 99-119(S) of the Municipality on
6 the Maturity Date identified above, the Principal Amount indicated above together with
7 interest thereon at the Interest Rate shown above, payable on _____ 1, 2007, and
8 semiannually thereafter on the first days of _____ and _____, or until such
9 Principal Amount shall have been paid or duly provided for. Payments of principal of and
10 interest on this bond shall be made as provided in The Depository Trust Company
11 Operational Arrangements Memorandum dated December 12, 1994, as amended from time
12 to time and referred to in the Blanket Issuer Letter of Representations dated July 1, 1995,
13 between the Municipality and The Depository Trust Company (together, the "Letter of
14 Representations") for so long as this bond is held in book entry only form.
15 _____, Seattle, Washington has been appointed as the
16 authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").
17

18 This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as
19 to number, rate of interest, and date of maturity, aggregating the principal sum of
20 \$_____ and is issued pursuant to the Constitution and statutes of the State of
21 Alaska and the Home Rule Charter and duly adopted ordinances and resolutions of the
22 Municipality, including particularly, Ordinance No. _____ of the Municipality (the "Bond
23 Ordinance") and a Trust Agreement dated _____, 2007 between the Municipality and
24 the Registrar (the "Trust Agreement") for the purpose of paying or reimbursing the costs of
25 certain capital projects, paying the costs of refunding certain outstanding wastewater
26 revenue bonds of the Municipality and to pay costs of issuance. The definitions contained
27 in the Bond Ordinance shall apply to capitalized terms contained herein.
28

29 Certain maturities of the Bonds are subject to optional and/or mandatory
30 redemption prior to their scheduled maturities.
31

32 The Municipality does hereby pledge and bind itself to set aside out of Gross
33 Revenues and the money in the Wastewater Fund and to pay into the Bond Fund the
34 various amounts required by the Bond Ordinance and the Trust Agreement to be paid into
35 and maintained in said fund all within the times provided in the Bond Ordinance and the
36 Trust Agreement. The Municipality has further pledged and bound itself to pay into such
37 Wastewater Fund, as collected, all Gross Revenues.
38

39 The pledge of Gross Revenues and moneys in the Wastewater Fund contained
40 herein and in the Bond Ordinance may be discharged by making provision, at any time, for
41 the payment of the principal of and interest on this bond in the manner provided in the
42 Trust Agreement.
43

44 The amounts so pledged to be paid out of said Wastewater Fund into the Bond
45 Fund are hereby declared to be a lien and charge upon the money in the Wastewater Fund

1 and Gross Revenues superior to all other charges of any kind or nature except Operating
2 Expenses (specifically excluding Municipal Utility Service Assessments and successor
3 payments in lieu of property taxes) and equal in lien to the Municipality's outstanding
4 Wastewater Revenue Bonds, 1999 issued under date of October 15, 1999 and June 10,
5 2004 and any revenue bonds of the Municipality issued in the future on a parity therewith
6 and herewith.

7
8 It is hereby certified that all acts, conditions and things required by the Constitution
9 and statutes of the State of Alaska and the Home Rule Charter, resolutions and ordinances
10 of the Municipality to be done precedent to and in the issuance of this Bond have
11 happened, been done and performed.

12
13 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has caused this
14 Bond to be executed with the manual or facsimile signature of its Mayor or Municipal
15 Manager and to be attested with the manual or facsimile signature of the Clerk or Deputy
16 Clerk and the official seal of the Municipality to be impressed, imprinted or otherwise
17 reproduced hereon, this ____ day of _____, 2007.

18
19 MUNICIPALITY OF ANCHORAGE,
20 ALASKA

21
22
23 By /s/ manual or facsimile signature
24 Mayor/Municipal Manager

25 Attested:

26
27 /s/manual or facsimile signature
28 Clerk/Deputy Clerk

29
30 (Form of Certificate of Authentication)

31
32 Date of Authentication:

33
34 This Bond is one of the Municipality of Anchorage, Alaska, Wastewater Revenue
35 [and Refunding] Bonds, 2007, described in and issued pursuant to the within mentioned
36 Bond Ordinance.

37
38 _____, as
39 Registrar

40
41 By _____
42 Authorized Signer
43
44

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

4 **Section 6.** Execution of Bonds. The Bonds of each series shall be executed on behalf
5 of the Municipality with the manual or facsimile signature of the Mayor or Municipal
6 Manager, attested with the manual or facsimile signature of the Clerk or Deputy Clerk of
7 the Municipality and authenticated by the manual signature of an authorized representative
8 of the Registrar. The official seal of the Municipality shall be impressed or imprinted or
9 otherwise reproduced on each Bond. In case any of the officers who shall have signed,
10 attested or registered any of the Bonds shall cease to be such officer before such Bonds
11 have been actually issued and delivered, such Bonds shall be valid nevertheless and may be
12 issued by the Municipality with the same effect as though the persons who had signed,
13 attested or registered such Bonds had not ceased to be such officers.

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

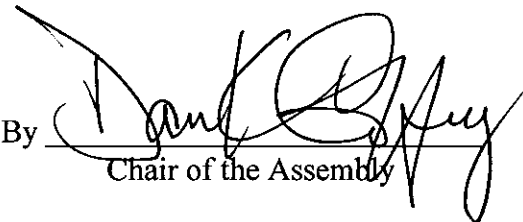
15 (a) *Designation of Refunded Bonds.* As outlined in Exhibit A, certain
16 principal maturities of the 1999 Bonds and the 2004 Bonds may be called
17 for redemption prior to their scheduled maturities. All or some of these
18 bonds may be refunded and refinanced with the proceeds of the Refunding
19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

1 (b) *Bond Sale.* The Bonds shall be sold at negotiated sale(s) to the
2 Underwriters. The Chief Fiscal Officer of the Municipality is hereby
3 authorized to negotiate terms for the purchase of the Bonds and execute the
4 Bond Purchase Contract(s) with the Underwriters. The Assembly has been
5 advised by the Underwriters that market conditions, which are particularly
6 critical in maximizing the savings effected by the issuance of the Bonds, are
7 fluctuating and, as a result, the most favorable market conditions may occur
8 on a day other than a regular meeting date of the Assembly. The Assembly
9 has determined that it would be inconvenient to hold a special meeting on
10 short notice and, accordingly, has determined that it would be in the best
11 interest of the Municipality to delegate to the Chief Fiscal Officer for a
12 limited time the authority to approve final principal maturities on the Bonds
13 and interest rates on the Bonds and other terms and conditions. The final
14 interest rates for the Bonds shall be determined by agreement among the
15 Underwriters, financial advisor and the Chief Fiscal Officer and shall be set
16 forth in the Trust Agreement. The Chief Fiscal Officer is hereby authorized
17 to approve the series, the final principal maturities and final maturity
18 amounts of each series of the Bonds, redemption provisions and the final
19 interest rates and yields for the Bonds in the manner provided hereafter.
20 However, no series of Refunding Bonds shall be issued unless there is at
21 least a three percent (3%) net present value savings in the Aggregate Debt
22 Service of such Refunded Bonds when compared to the Aggregate Debt
23 Service of the Refunding Bonds. In determining the series, maturities,

1 principal amounts, redemption terms and rate or rates of interest of the
2 Bonds, the Chief Fiscal Officer shall, in consultation with the
3 Municipality's financial advisor, take into account those factors which, in
4 his judgment, will result in the lowest net effective interest cost on the
5 Bonds to their maturity, including, but not limited to current financial
6 market conditions and current interest rates for obligations comparable in
7 tenor and quality to the Bonds. The Chief Fiscal Officer is hereby
8 authorized to execute the final form of the Bond Purchase Contract(s). The
9 authority granted to the Chief Fiscal Officer by this Section 7 shall expire in
10 120 days from the date of approval of this ordinance, and if final interest
11 rates have not been approved by the Chief Fiscal Officer in accordance with
12 the delegated authority of this Section 7 within 120 days, no final Bond
13 terms shall be approved without further advice and consultation of the
14 Assembly at a regular or special meeting.

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

17 PASSED AND APPROVED by the Anchorage Assembly this 12th day of June,
18 2007.

19
20 By 
21 Chair of the Assembly

22 ATTEST:

23 
24
25 Municipal Clerk

EXHIBIT A

MUNICIPALITY OF ANCHORAGE OUTSTANDING PARITY BONDS AND REFUNDING CANDIDATES

Authorizing Ordinance	Bond Designation	Date of Bonds	Original Principal Amount	Principal Amount Outstanding (5/01/07)
AO 99-119(S)	Wastewater Revenue Bonds, 1999 ("1999 Bonds")	October 15, 1999	\$ 5,180,000	\$ 4,555,000
AO 2004-75	Wastewater Revenue Bonds, 2004 ("2004 Bonds")	June 10, 2004	\$ 22,620,000	\$ 22,200,000

(the "Outstanding Parity Bonds").

The 1999 Bonds issued pursuant to Ordinance No. AO 99-119(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	\$ 100,000	5.100%
2008	105,000	5.125
2009	110,000	5.250
2010	115,000	5.375
2011	125,000	5.400
2012	130,000	5.500
2013	140,000	5.625
2014	145,000	5.750
2015	155,000	5.875
2016	165,000	5.875
2017	175,000	6.000
2018	185,000	6.000
2019	195,000	6.000
2024	1,160,000	6.000
2029	1,550,000	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 2004-75 passed on June 10, 2004, (the “2004 Bond Ordinance”), mature in principal amounts and bear interest as follows:

Maturity Years (May 1)	Principal Amounts	Interest Rates
2008	\$ 430,000	3.00%
2009	445,000	3.375
2010	460,000	3.625
2011	480,000	3.750
2012	495,000	4.000
2013	520,000	4.000
2014	540,000	4.250
2015	565,000	4.375
2016	590,000	4.500
2017	620,000	5.000
2018	650,000	5.000
2019	685,000	5.000
2020	715,000	5.000
2021	755,000	5.000
2022	795,000	5.000
2023	835,000	5.000
2024	875,000	5.100
2029	5,125,000	5.125
2034	6,620,000	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 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.

MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2007-78

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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, ALASKA

ORDINANCE No. 2007-78

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.

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

CHANGES IN EXPENDITURES AND REVENUES:

(In Thousands of Dollars)

	FY07	FY08	FY09	FY10	FY11
Operating Expenditures					
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
TOTAL DIRECT COSTS:	\$ 1,715	\$ 4,904	\$ 4,904	\$ 4,905	\$ 4,908
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$ 1,715	\$ 4,904	\$ 4,904	\$ 4,905	\$ 4,908
REVENUES:	0	0	0	0	0
CAPITAL:					
POSITIONS: FT/PT and Temp					

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 :** 005092**Type:** Ordinance - AO

The Issuance of Wastewater Revenue and Refunding Bonds for

Title: the Anchorage Wastewater Utility in the Aggregate Principal
Amount of Not to Exceed \$65,000,000, Finance**Author:** pruittns**Initiating Dept:** Finance**Description:** AM & SEE for this ordinance are included in PACE #5091 - AWWU
Revenue and Refunding bonds NTE \$100,000,000**Date Prepared:** 5/10/07 4:58 PM**Director Name:** Jeffrey Sinz**Assembly Meeting** 5/22/07**Date MM/DD/YY:****Public Hearing Date** 6/12/07**MM/DD/YY:**M.O.A.
2007 MAY 11 PM 4:29
CLEAN'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 5:10 PM	Checkin	pruittns	Public	005092
Finance_SubWorkflow	5/10/07 5:50 PM	Approve	mitsonjl	Public	005092
OMB_SubWorkflow	5/10/07 5:51 PM	Approve	mitsonjl	Public	005092
Legal_SubWorkflow	5/11/07 9:58 AM	Approve	fehlenrl	Public	005092
MuniManager_SubWorkflow	5/11/07 12:26 PM	Approve	leblancdc	Public	005092
MuniMgrCoord_SubWorkflow	5/11/07 3:09 PM	Approve	abbottmk	Public	005092