

CLERK'S OFFICE  
AMENDED AND APPROVED  
Date: 10-18-08

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

Prepared by: Finance Department, Public Finance &  
Investments Division

For Reading: October 14, 2008

**ANCHORAGE, ALASKA**  
**AO 2008-113**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
AUTHORIZING AN INTERFUND LOAN TO THE PORT OF ANCHORAGE FOR THE  
PURPOSE OF REPAYING COMMERCIAL PAPER NOTES, AS THEY MATURE, ONLY  
IN THE EVENT THAT THE CREDIT MARKETS EXPERIENCE A HEIGHTENED  
LIQUIDITY CRISIS PRECLUDING ISSUANCE OF REFUNDING COMMERCIAL PAPER  
NOTES TO RETIRE OUTSTANDING COMMERCIAL PAPER NOTE MATURITIES .

**WHEREAS**, the Municipality of Anchorage, Alaska (the Municipality), authorized the  
establishment of a Commercial Paper Program (the Program) for the Port of Anchorage under  
AO 2008-2; and

**WHEREAS**, the Municipality established a Program for the Port and currently has two  
\$20,000,000 Notes outstanding under the Program; and

**WHEREAS**, the credit markets are in a state of near crisis proportions and the liquidity for  
commercial paper issuers is nearly non-existent; and

**WHEREAS**, it would be prudent for the Municipality to have additional options for the  
repayment of the Commercial Paper Notes (the Notes) as they mature.

**NOW, THEREFORE**, the Anchorage Assembly ordains:

**Section 1.** Purpose. The purpose of this ordinance is to approve an Interfund Loan to the  
Port of Anchorage only if needed in the event of a heightened credit crisis that prevents the  
issuance of Notes under the Port's commercial paper program.

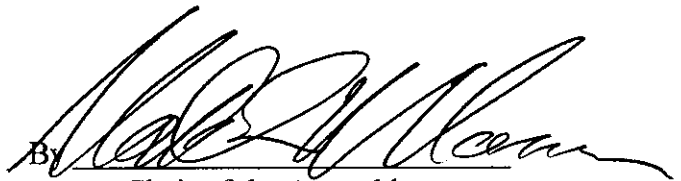
**Section 2.** Terms of the Interfund Loan. The Municipality shall loan the Port funds  
equivalent to the maturity amount of Notes currently outstanding under the Commercial Paper  
Program as they mature. The essential terms of the Interfund Loan shall include:

- The aggregate dollar amount of the outstanding principal balance of the Interfund Loans shall not exceed **Twenty Million Dollars (\$20,000,000)** ~~Forty Million Dollars (\$40,000,000)~~;
- Interfund Loans made to the Port shall be refinanced or paid off as soon as it is feasible to issue Notes under the Program;
- The annualized interest rate charged to the Port shall be the higher of i) five percent or ii) the actual monthly rate of return of the General Cash Pool, including realized gains and losses plus one percent;
- Such authority is granted for the term of up to one year from the effective date of this ordinance; and
- The interest rate shall be adjusted monthly.

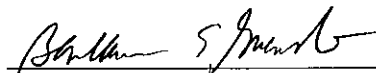
**Section 3. The Port shall, prior to December 31, 2008, provide an analysis to the Assembly as to the port expansion with emphasis on: Financing availability and cost; the recent listing of the Cook Inlet Beluga whale as an endangered species and the economic impact on the Port from this listing; and the impact of the U.S. economic circumstances on the port expansion project.**

**Section 4. Effective Date.** This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this 28<sup>th</sup> day of October, 2008.

By   
Chair of the Assembly

ATTEST:

  
Municipal Clerk

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects - General Government**

AO Number: 2008-113

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AN INTERFUND LOAN TO THE PORT OF ANCHORAGE FOR THE PURPOSE OF REPAYING COMMERCIAL PAPER NOTES, AS THEY MATURE, ONLY IN THE EVENT THAT THE CREDIT MARKETS EXPERIENCE A HEIGHTENED LIQUIDITY CRISIS THAT PRECLUDES THE ISSUANCE OF REFUNDING COMMERCIAL PAPER NOTES TO RETIRE OUTSTANDING COMMERCIAL PAPER NOTE MATURITIES

Sponsor: Mayor

Preparing Agency: Public Finance & Investments Division

Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)					
	FY08	FY09	FY10	FY11	FY12
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 Other Services	0	0	0	0	0
4000 Debt Service	0	0	0	0	0
5000 Capital Outlay					
TOTAL DIRECT COSTS:	0	0	0	0	0
ADD: 6000 Charge from Others					
LESS: 7000 Charge to Others					
FUNCTION COST:					
REVENUES:					
CAPITAL:					
POSITIONS:					

**PUBLIC SECTOR ECONOMIC EFFECTS:**

None. Any interest paid by the Port of Anchorage would be less than it would pay if its maturing Commercial Paper was rolled into new Commercial Paper. Additionally, the Municipality's General Cash Pool will earn more interest by temporarily lending to the Port of Anchorage vs. maintaining invested funds. This is because the Port will be charged the higher of 5% or the General Cash Pool's actual return plus 1%.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

None



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 711-2008

Meeting Date: October 14, 2008

**From:** Mayor

**Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AN INTERFUND LOAN TO THE PORT OF ANCHORAGE FOR THE PURPOSE OF REPAYING COMMERCIAL PAPER NOTES, AS THEY MATURE, ONLY IN THE EVENT THAT THE CREDIT MARKETS EXPERIENCE A HEIGHTENED LIQUIDITY CRISIS THAT PRECLUDES THE ISSUANCE OF REFUNDING COMMERCIAL PAPER NOTES TO RETIRE OUTSTANDING COMMERCIAL PAPER NOTE MATURITIES

The attached ordinance will authorize an Interfund Loan to the Port of Anchorage from Fund 101 Operating Cash. This Loan would occur only in the event that the credit markets reach a point where the Municipality's commercial paper dealer, Goldman Sachs, cannot issue additional commercial paper, or the cost of a commercial paper issuance would be cost prohibitive to refund the commercial paper maturities as they mature. The Loan would be repaid as soon as it is possible to issue Commercial Paper Notes or revenue bonds for the Port. It is the expectation of staff that this Interfund Loan will not be necessary; however, it provides an alternative interim financing mechanism in the event that the credit markets continue their downward spiral and liquidity disappears altogether.

The administration recommends scheduling a public hearing for this Interfund Loan ordinance on October 28, 2008.

THE ADMINISTRATION RECOMMENDS THAT THE MUNICIPAL ASSEMBLY APPROVE THE ORDINANCE AUTHORIZING AN INTERFUND LOAN TO THE PORT OF ANCHORAGE FOR THE PURPOSE OF REPAYING COMMERCIAL PAPER NOTES, AS THEY MATURE, ONLY IN THE EVENT THAT THE CREDIT MARKETS EXPERIENCE A HEIGHTENED LIQUIDITY CRISIS THAT PRECLUDES THE ISSUANCE OF REFUNDING COMMERCIAL PAPER NOTES TO RETIRE OUTSTANDING COMMERCIAL PAPER NOTE MATURITIES.

Prepared by: Ross Risvold, Public Finance & Investments Manager

Concurrence: Sharon Weddleton, CFO

101-0020 \$40,000,000

(Fund 101 Operating Cash)

Concurrence: Wanda Phillips, Director, Office of Management & Budget

Concurrence: James N. Reeves, Municipal Attorney

Concurrence: Michael K. Abbott, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

**Content ID:** 006973

**Type:** Ordinance - AO

**Title:** An Ordinance Authorizing an Interfund Loan to the Port of Anchorage, Finance

**Author:** maglaquijp

**Initiating Dept:** Finance

**Keywords:** Interfund Loan, Port, Commercial Paper, Markets, Notes, Repaying

**Date Prepared:** 10/10/08 11:39 AM

**Director Name:** Sharon Weddleton

**Assembly Meeting Date:** 10/14/08

**Public Hearing Date:** 10/28/08

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
Clerk_Admin_SubWorkflow	10/10/08 2:00 PM	Exit	Joy Maglaqui	Public	006973
MuniMgrCoord_SubWorkflow	10/10/08 2:00 PM	Approve	Joy Maglaqui	Public	006973
MuniManager_SubWorkflow	10/10/08 2:00 PM	Approve	Joy Maglaqui	Public	006973
MuniManager_SubWorkflow	10/10/08 1:58 PM	Checkin	Joy Maglaqui	Public	006973
MuniManager_SubWorkflow	10/10/08 1:57 PM	Checkin	Joy Maglaqui	Public	006973
Legal_SubWorkflow	10/10/08 1:56 PM	Approve	Rhonda Westover	Public	006973
OMB_SubWorkflow	10/10/08 1:26 PM	Approve	Wanda Phillips	Public	006973
Finance_SubWorkflow	10/10/08 1:25 PM	Approve	Sharon Weddleton	Public	006973
AllOrdinanceWorkflow	10/10/08 11:41 AM	Checkin	Nina Pruitt	Public	006973

*Adasda*