

CLERK'S OFFICE  
APPROVED  
Date: 10/14/2008

Submitted by: Chairman of the Assembly  
at the Request of the Mayor  
Prepared by: Finance Department  
For reading: September 30, 2008

ANCHORAGE, ALASKA  
AR NO. 2008-208

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$175,000) FROM TAX-EXEMPT MASTER LEASE PROCEEDS TO THE FINANCE DEPARTMENT TO PURCHASE AND UPGRADE REMITTANCE PROCESSING EQUIPMENT AND TO AMEND THE 2008 GENERAL GOVERNMENT CAPITAL BUDGET TO INCLUDE THE AFOREMENTIONED EQUIPMENT PURCHASE

WHEREAS, the Treasury Division has identified a capital improvement project that requires financing under the Master Tax-Exempt Lease/Purchase Agreement that the Municipal Assembly passed under AO 2008-5 on January 22, 2008; and

WHEREAS, the current system is ten years old and past its normal lifecycle with replacement parts for this equipment being virtually non-existent; and

WHEREAS, the new Remittance Processing System will provide operating system upgrades, and increased reliability and efficiency; as well as supporting the electronic deposit of checks via Image Exchange (i.e., Check 21 compliant).

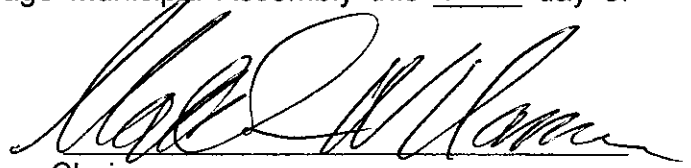
NOW, THEREFORE, the Anchorage Assembly resolves:

**Section 1.** That the sum of **One Hundred Seventy-Five Thousand Dollars** (\$175,000) is hereby appropriated to the Areawide General CIP Fund (401).

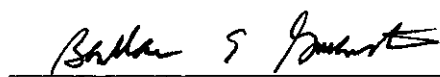
**Section 2.** That the source of funding will be a loan from the Tax-Exempt Master Lease Agreement with KeyBank.

**Section 3.** That this resolution shall take effect immediately upon passage and approval by the Anchorage Municipal Assembly.

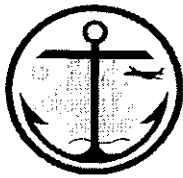
PASSED AND APPROVED by the Anchorage Municipal Assembly this 14<sup>th</sup> day of October, 2008.

  
Chair

ATTEST:

  
Municipal Clerk

Department of Appropriation:  
Finance Department \$175,000



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 610-2008

Meeting Date: September 30, 2008

**FROM:** Mayor

**SUBJECT: A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$175,000) FROM TAX-EXEMPT MASTER LEASE PROCEEDS TO THE FINANCE DEPARTMENT TO PURCHASE AND UPGRADE REMITTANCE PROCESSING EQUIPMENT AND TO AMEND THE 2008 GENERAL GOVERNMENT CAPITAL BUDGET TO INCLUDE THE AFOREMENTIONED EQUIPMENT PURCHASE**

**BACKGROUND:** On January 22, 2008 the Municipal Assembly passed AO 2008-5 authorizing a revolving fifty million dollar (\$50,000,000) Master Tax-Exempt Lease/Purchase Agreement to finance various Municipal capital expenditures. The purpose of the Agreement was to implement a cost effective financing alternative for the Municipality's capital purchases, resulting in a more efficient use of Municipal funds. Tax-exempt rates under the Agreement are expected to be less than the cost of funds for a tax-exempt bond issue. An Agreement was executed between KeyBank and the Municipality earlier this year. All draws or loans under the Agreement are subject to Assembly approval, regardless of the dollar amount. To date, \$3.1 million has been drawn under the Master Lease Agreement.

**CURRENT FINANCING:** The Treasury Division has identified the need to replace existing remittance processing equipment. This high volume equipment processes more than 600,000 utility and tax payments annually. The ongoing debt service is estimated at \$30,000 for the first year and \$40,000 for each year thereafter.

**Remittance Processing Equipment**

(Replacement of the current Remittance Processing Equipment)

Expected Start – December 2008

Value - \$175,000

**PROCESS:** The Municipality will continue to follow through with all procurement requirements under Anchorage Municipal Code Title 7 for the purchase of capital assets financed with the Agreement.

**TERMS OF THE AGREEMENT:** The terms of the Agreement include:

- 1) no escrow fees in the case where an escrow account is necessary;
- 2) selected loans under the Agreement can be prepaid at any time;
- 3) no prepayment penalty for early payoff of any loan;
- 4) the tax-exempt interest rate for each loan will be fixed for the life of the respective loan;

- 1 5) tax-exempt interest rates for each loan will be the result of a formula, the basis of
- 2 which is the mid-market par swap rate as published on the website of the Federal
- 3 Reserve Bank, reduced by a factor to equate it with tax-exempt market rates;
- 4 6) terms to maturity may be three, five, seven, or ten years at the option of the
- 5 Municipality and will be consistent with the useful life of the assets financed; and
- 6 7) the initial term of the Agreement is two years with the option to extend for three
- 7 additional one-year periods, subject to satisfactory performance and mutual
- 8 consent of the parties.
- 9

10 THE ADMINISTRATION RECOMMENDS APPROVAL OF THIS RESOLUTION OF THE  
11 MUNICIPALITY OF ANCHORAGE APPROPRIATING ONE HUNDRED SEVENTY-FIVE  
12 THOUSAND DOLLARS (\$175,000) TO THE AREAWIDE GENERAL CIP FUND (401)  
13 TO PURCHASE AND UPGRADE OF REMITTANCE PROCESSING EQUIPMENT AND  
14 APPROVE THE TAX-EXEMPT MASTER LEASE FINANCING OF THIS CAPITAL  
15 EQUIPMENT.

16  
17 Prepared by: Daniel Moore, Municipal Treasurer  
18 Concur and Fund Certification: Sharon Weddleton, CFO

19  
20 401-1344-5401-134401-BP2008 \$175,000  
21 (2008 CIP – Subject to approval)

22  
23 Concur: Michael K. Abbott, Municipal Manager  
24 Respectfully submitted: Mark Begich, Mayor

**Content ID:** 006808**Type:** AR\_FundsApprop - Funds Approp Resolution

Appropriating \$175,000 From Tax-Exempt Master Lease Proceeds to the

**Title:** Finance Department for the Purchase and Upgrade of Remittance Processing Equipment, Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** Tax-Exempt, Remittance Processing, Equipment, Capital Budget, Treasury, Purchase, Upgrade**Date Prepared:** 9/18/08 8:34 AM**Director Name:** Sharon Weddleton**Assembly** 9/30/08**Meeting Date:****Public Hearing** 10/14/08  
**Date:**

<b>Workflow Name</b>	<b>Action Date</b>	<b>Action</b>	<b>User</b>	<b>Security Group</b>	<b>Content ID</b>
Clerk_Admin_SubWorkflow	9/19/08 11:07 AM	Exit	Joy Maglaqui	Public	006808
MuniMgrCoord_SubWorkflow	9/19/08 11:07 AM	Approve	Joy Maglaqui	Public	006808
MuniManager_SubWorkflow	9/19/08 11:06 AM	Approve	Joy Maglaqui	Public	006808
OMB_SubWorkflow	9/19/08 10:17 AM	Approve	Wanda Phillips	Public	006808
Finance_SubWorkflow	9/18/08 11:48 AM	Approve	Sharon Weddleton	Public	006808
Finance_SubWorkflow	9/18/08 11:38 AM	Checkin	Nina Pruitt	Public	006808
Finance_SubWorkflow	9/18/08 11:17 AM	Checkin	Nina Pruitt	Public	006808
Finance_SubWorkflow	9/18/08 11:15 AM	Checkin	Nina Pruitt	Public	006808
FundsAppropWorkflow	9/18/08 8:42 AM	Checkin	Nina Pruitt	Public	006808