

Requested by: Chair of the Assembly at the  
Request of the Acting Mayor  
Prepared by: Cynthia M. Weed, Bond Counsel  
K&L Preston Gates Ellis LLP  
For Reading: March 3, 2009

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
**ORDINANCE NO. AO 2009-33**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) IN AGGREGATE PRINCIPAL AMOUNT OF TAX ANTICIPATION NOTES; FIXING CERTAIN DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD VALOREM PROPERTY TAXES TO BE COLLECTED DURING YEAR 2009 AND THE FULL FAITH AND CREDIT TO THE PAYMENT THEREOF; DELEGATING CERTAIN MATTERS TO THE CHIEF FISCAL OFFICER IN CONNECTION WITH THE SALE OF THE NOTES; AND APPROPRIATING NINE HUNDRED EIGHTY-TWO THOUSAND NINE HUNDRED SIXTY-FIVE DOLLARS (\$982,965) OF INTEREST EARNINGS TO PAY INTEREST EXPENSE AND ISSUING COSTS FOR THE NOTES.

**WHEREAS**, the Municipality of Anchorage, Alaska (the "Municipality") levies ad valorem taxes on real and personal property on an annual basis with payment thereof allowed to be made in installments; and

**WHEREAS**, the Municipality requires funds to meet on-going expenses until receipt of sufficient money from the payment of ad valorem property taxes to be collected in 2009 and from other revenue sources, and desires to borrow such funds and to issue its tax anticipation notes for this purpose; and

**WHEREAS**, Alaska Statutes, Sections 29.47.010-.040 and Article XV of the Home Rule Charter of the Municipality provide for the borrowing of money by the Municipality in anticipation of tax revenues; and

1 **WHEREAS**, the Home Rule Charter of the Municipality provides in Section 15.03 that the  
2 Assembly by ordinance shall provide for the form and manner of sale of bonds and notes  
3 including reasonable limitation upon the sale of bonds and notes to financial consultants of  
4 the Municipality; and

5 **WHEREAS**, the Assembly does herein determine that it is necessary and advisable and in  
6 the best interest of the Municipality and its inhabitants that tax anticipation notes in an  
7 amount not to exceed \$150,000,000 be issued at this time for the purpose of raising funds  
8 to pay on-going expenses of the Municipality until sufficient money from receipt of year  
9 2009 ad valorem property taxes and from other revenue sources is available; now,  
10 therefore,

11 **THE ANCHORAGE ASSEMBLY ORDAINS:**

12 **Section 1.**     **Purpose.** The purpose of this ordinance is to authorize the issuance and sale  
13 of not to exceed \$150,000,000 of tax anticipation notes to provide funds to pay the  
14 on-going expenses of the Municipality until sufficient funds from receipt of year 2009 ad  
15 valorem property taxes and from other revenue sources are available, to provide for  
16 original issue discount or premium, if any, to pay the costs of issuance of the tax  
17 anticipation notes authorized herein, and to fix certain details of said notes to be issued.

18 **Section 2.**     **Definitions.** The following terms shall have the following meanings in this  
19 ordinance:

20         ***Assembly*** means the Municipal Assembly of the Municipality, as the general  
21 legislative authority of the Municipality established pursuant to its Home Rule  
22 Charter, as the same shall be duly and regularly constituted from time to time.

1 **Beneficial Owner** means any person that has or shares the power, directly or  
2 indirectly, to make investment decisions concerning ownership of any Notes  
3 (including persons holding Notes through nominees, depositories or other  
4 intermediary).

5 **Chief Fiscal Officer** means the chief fiscal officer of the Municipality appointed  
6 and confirmed pursuant to Section 5.05 of the Home Rule Charter.

7 **Code** means the Internal Revenue Code of 1986, as heretofore or hereafter  
8 amended, together with all applicable regulations and rulings heretofore or  
9 hereafter promulgated thereunder.

10 **Commission** means the Securities and Exchange Commission.

11 **DTC** means The Depository Trust Company, New York, New York, as depository  
12 for the Notes, or any successor or substitute depository for the Notes.

13 **Letter of Representations** means the Blanket Issuer Letter of Representations from  
14 the Municipality to DTC dated July 1, 1995, including DTC's Operational  
15 Arrangements referenced in said letter, as they may be amended from time to time.

16 **MSRB** means the Municipal Securities Rulemaking Board or any successor to its  
17 functions.

18 **Municipal Manager** means the Municipal Manager of the Municipality appointed  
19 and confirmed pursuant to Section 5.03 of the Home Rule Charter.

20 **Municipality** means the Municipality of Anchorage created upon ratification of the  
21 Home Rule Charter after the election thereon held on September 9, 1975, and the  
22 successor thereunder to the Municipality of Anchorage, the Municipality of Glen

1 Alps. the Municipality of Girdwood and the Greater Anchorage Area Borough,  
2 former municipal corporations of the State of Alaska.

3 **Note** or **Notes** means any of the Municipality's 2009 General Obligation Tax  
4 Anticipation Notes, the issuance and sale of which are authorized herein.

5 **Note Redemption Fund** means the fund or account of the Municipality established  
6 pursuant to Section 13 of this ordinance for the repayment of the Notes.

7 **Note Register** means the registration books maintained by the Registrar, as agent of  
8 the Municipality, which include the names and addresses of the owners or  
9 nominees of the owners of the Notes.

10 **NRMSIR** means a nationally recognized municipal securities information  
11 repository.

12 **Registered Owner** means the person named as the registered owner of a Note in the  
13 Note Register. For so long as the Notes are held in book-entry only form, DTC  
14 shall be deemed to be the sole owner of the Notes, except for purposes of  
15 Section 17 of this ordinance.

16 **Registrar** means the bank or trust company selected by the Chief Fiscal Officer  
17 pursuant to Section 14 of this ordinance for the purposes of registering and  
18 authenticating the Notes, maintaining the Note Register, and effecting transfer of  
19 ownership of the Notes.

20 **Rule** means the Commission's Rule 15c2-12 under the Securities Exchange Act of  
21 1934, as the same may be amended from time to time.

22 **SID** means a state information depository for the State of Alaska (if one is created  
23 in the future).

1        **Rules of Interpretation.** In this ordinance, unless the context otherwise requires:

2        (a)     The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any  
3               similar terms, as used in this ordinance, refer to this ordinance as a whole  
4               and not to any particular article, section, subdivision or clause hereof, and  
5               the term “hereafter” shall mean after, and the term “heretofore” shall mean  
6               before, the date of this ordinance;

7        (b)     Words of the masculine gender shall mean and include correlative words of  
8               the feminine and neuter genders and words importing the singular number  
9               shall mean and include the plural number and vice versa;

10       (c)     Words importing persons shall include firms, associations, partnerships  
11              (including limited partnerships), trusts, corporations and other legal entities,  
12              including public bodies, as well as natural persons;

13       (d)     Any headings preceding the text of the several articles and sections of this  
14              ordinance, and any table of contents or marginal notes appended to copies  
15              hereof, shall be solely for convenience of reference and shall not constitute  
16              a part of this ordinance, nor shall they affect its meaning, construction or  
17              effect;

18       (e)     All references herein to “articles,” “sections” and other subdivisions or  
19              clauses are to the corresponding articles, sections, subdivisions or clauses  
20              hereof;

21       (f)     Words importing the singular number include the plural number and vice  
22              versa.

1 In this ordinance, the Chief Fiscal Officer may be authorized to create a number of  
2 “funds” and/or “accounts.” In each case, the Chief Fiscal Officer may designate each such  
3 fund or account in his or her discretion as a fund or as an account, regardless of its  
4 designation in this ordinance.

5 **Section 3.** Authority for Ordinance. Notwithstanding Anchorage Municipal Code  
6 Section 6.20.040, the Municipality has ascertained and hereby determines that each and  
7 every matter and thing as to which provision is made in this ordinance is necessary in order  
8 to carry out and effectuate the purposes of the Municipality in accordance with the  
9 Constitution and statutes of the State of Alaska and the Home Rule Charter of the  
10 Municipality, and to incur the indebtedness and issue the Notes.

11 **Section 4.** Authorization of Notes and Purpose of Issuance. For the purpose of  
12 providing the funds required to pay the on-going expenses of the Municipality until  
13 sufficient funds from the receipt of year 2009 ad valorem property taxes and from other  
14 revenue sources are available and to pay all costs of issuance, the Municipality hereby  
15 authorizes the sale and issuance of tax anticipation notes of the Municipality (the “Notes”)  
16 in the aggregate principal amount of not to exceed \$150,000,000 as determined by the  
17 Chief Fiscal Officer pursuant to Section 16 of this ordinance.

18 **Section 5.** Designation, Interest Rate, Maturity and Payment Date. The Notes shall be  
19 designated “Municipality of Anchorage, Alaska, 2009 General Obligation Tax  
20 Anticipation Notes,” shall be dated the date of their initial issuance and delivery, shall be  
21 numbered separately in the manner and with any additional designation as the Registrar  
22 deems necessary for purposes of identification; shall be dated as of the date of their

1 issuance and shall mature no later than December 30, 2009, as established by the Chief  
2 Fiscal Officer pursuant to Section 16 of this ordinance.

3 The Notes shall bear interest from their date calculated on the basis of a 360-day  
4 year composed of twelve 30-day months from their date payable at the maturity thereof at  
5 the rate per annum fixed and determined by the Chief Fiscal Officer pursuant to Section 16  
6 of this ordinance.

7 **Section 6. Registration, Transfer and Exchange.**

8 (a) *Registrar/Note Register.* The Notes shall be issued only in registered form  
9 as to both principal and interest. The Chief Fiscal Officer is hereby  
10 authorized to appoint a Registrar for the Notes in accordance with  
11 Section 14 of this ordinance. The Municipality shall cause a Note Register  
12 to be maintained by the Registrar. So long as any Notes remain  
13 outstanding, the Registrar shall make all necessary provisions to permit the  
14 exchange or registration of transfer of Notes at its principal corporate trust  
15 office. The Registrar may be removed at any time at the option of the Chief  
16 Fiscal Officer of the Municipality and a successor Registrar appointed by  
17 the Chief Fiscal Officer of the Municipality. No resignation or removal of  
18 the Registrar shall be effective until a successor shall have been appointed  
19 and until the successor Registrar shall have accepted the duties of the  
20 Registrar hereunder. The Registrar is authorized, on behalf of the  
21 Municipality, to authenticate and deliver Notes transferred or exchanged in  
22 accordance with the provisions of such Notes and this ordinance and to  
23 carry out all of the Registrar's powers and duties under this ordinance. The

1 Registrar shall be responsible for its representations contained in the  
2 Certificate of Authentication on the Notes.

3 The Registrar shall keep, or cause to be kept, the Note Register  
4 which shall at all times be open to inspection by the Municipality.

5 (b) *Registered Ownership.* The Municipality and the Registrar, each in its  
6 discretion, may deem and treat the Registered Owner of each Note as the  
7 absolute owner thereof for all purposes (except as provided in Section 19 of  
8 this ordinance), and neither the Municipality nor the Registrar shall be  
9 affected by any notice to the contrary. Payment of any such Note shall be  
10 made only as described in Section 6(h) hereof, but such Note may be  
11 transferred as herein provided. All such payments made as described in  
12 Section 6(h) shall be valid and shall satisfy and discharge the liability of the  
13 Municipality upon such Note to the extent of the amount or amounts so  
14 paid.

15 (c) *DTC Acceptance/Letters of Representations.* The Notes initially shall be  
16 held in fully immobilized form by DTC acting as depository. To induce  
17 DTC to accept the Notes as eligible for deposit at DTC, the Municipality  
18 has executed and delivered to DTC a Blanket Issuer Letter of  
19 Representations. Neither the Municipality nor the Registrar will have any  
20 responsibility or obligation to DTC participants or the persons for whom  
21 they act as nominees (or the participants of any successor depository or  
22 those for who any such successor acts as nominee) with respect to the Notes  
23 in respect of the accuracy of any records maintained by DTC (or any



1 successor depository) or any DTC participant, the payment by DTC (or any  
2 successor depository) or any DTC participant of any amount in respect of  
3 the principal of or interest on Notes, any notice which is permitted or  
4 required to be given to Registered Owners under this ordinance (except  
5 such notices as shall be required to be given by the Municipality to the  
6 Registrar or to DTC (or any successor depository)), or any consent given or  
7 other action taken by DTC (or any successor depository) as the Registered  
8 Owner. For so long as any Notes are held in fully-immobilized form  
9 hereunder, DTC or its successor depository shall be deemed to be the  
10 Registered Owner for all purposes hereunder, and all references herein to  
11 the Registered Owners shall mean DTC (or any successor depository) or its  
12 nominee and shall not mean the owners of any beneficial interest in such  
13 Notes.

14 If any Note shall be duly presented for payment and funds have not  
15 been duly provided by the Municipality on such applicable date, then  
16 interest shall continue to accrue thereafter on the unpaid principal thereof at  
17 the rate stated on such Note until it is paid.

18 (d) *Use of Depository.*

19 (1) The Notes shall be registered initially in the name of "Cede & Co.",  
20 as nominee of DTC, with one Note maturing on each of the maturity  
21 dates for the Notes in a denomination corresponding to the total  
22 principal therein designated to mature on such date. Registered  
23 ownership of such immobilized Notes, or any portions thereof, may

1 not thereafter be transferred except (A) to any successor of DTC or  
2 its nominee, provided that any such successor shall be qualified  
3 under any applicable laws to provide the service proposed to be  
4 provided by it; (B) to any substitute depository appointed by the  
5 Chief Fiscal Officer pursuant to subsection (2) below or such  
6 substitute depository's successor; or (C) to any person as provided  
7 in subsection (4) below.

8 (2) Upon the resignation of DTC or its successor (or any substitute  
9 depository or its successor) from its functions as depository or a  
10 determination by the Chief Fiscal Officer to discontinue the system  
11 of book entry transfers through DTC or its successor (or any  
12 substitute depository or its successor), the Chief Fiscal Officer may  
13 hereafter appoint a substitute depository. Any such substitute  
14 depository shall be qualified under any applicable laws to provide  
15 the services proposed to be provided by it.

16 (3) In the case of any transfer pursuant to clause (A) or (B) of  
17 subsection (1) above, the Registrar shall, upon receipt of all  
18 outstanding Notes, together with a written request of the Chief  
19 Fiscal Officer, issue a single new Note, registered in the name of  
20 such successor or such substitute depository, or their nominees, as  
21 the case may be, all as specified in such written request of the Chief  
22 Fiscal Officer.

1 (4) In the event that (A) DTC or its successor (or substitute depository  
2 or its successor) resigns from its functions as depository, and no  
3 substitute depository can be obtained, or (B) the Chief Fiscal Officer  
4 determines that it is in the best interest of the beneficial owners of  
5 the Notes that such owners be able to obtain such Notes in the form  
6 of Note certificates, the ownership of such Notes may then be  
7 transferred to any person or entity as herein provided, and shall no  
8 longer be held in fully-immobilized form. The Chief Fiscal Officer  
9 shall deliver a written request to the Registrar, together with a  
10 supply of definitive Notes, to issue Notes as herein provided in any  
11 authorized denomination. Upon receipt by the Registrar of all then  
12 outstanding Notes together with a written request of the Chief Fiscal  
13 Officer to the Registrar, new Notes shall be issued in the appropriate  
14 denominations and registered in the names of such persons as are  
15 requested in such written request.

16 (e) *Registration of Transfer of Ownership or Exchange; Change in*  
17 *Denominations.* The transfer of any Note may be registered and Notes may  
18 be exchanged, but no transfer of any such Note shall be valid unless it is  
19 surrendered to the Registrar with the assignment form appearing on such  
20 Note duly executed by the Registered Owner or such Registered Owner's  
21 duly authorized agent in a manner satisfactory to the Registrar. Upon such  
22 surrender, the Registrar shall cancel the surrendered Note and shall  
23 authenticate and deliver, without charge to the Registered Owner or

1 transferee therefor, a new Note (or Notes at the option of the new  
2 Registered Owner) of the same date, maturity and interest rate and for the  
3 same aggregate principal amount in any authorized denomination, naming  
4 as Registered Owner the person or persons listed as the assignee on the  
5 assignment form appearing on the surrendered Note, in exchange for such  
6 surrendered and cancelled Note. Any Note may be surrendered to the  
7 Registrar and exchanged, without charge, for an equal aggregate principal  
8 amount of Notes of the same date, maturity and interest rate, in any  
9 authorized denomination. The Registrar shall not be obligated to register  
10 the transfer or to exchange any Note during the 15 days preceding any  
11 interest payment or principal payment date any such Note is to be  
12 redeemed.

13 (f) *Registrar's Ownership of Notes.* The Registrar may become the Registered  
14 Owner of any Note with the same rights it would have if it were not the  
15 Registrar, and to the extent permitted by law, may act as depository for and  
16 permit any of its officers or directors to act as member of, or in any other  
17 capacity with respect to, any committee formed to protect the right of the  
18 Registered Owners of Notes.

19 (g) *Registration Covenant.* The Municipality covenants that, until all Notes  
20 have been surrendered and canceled, it will maintain a system for recording  
21 the ownership of each Note that complies with the provisions of  
22 Section 149 of the Code.

1 (h) *Place and Medium of Payment.* Both principal of and interest on the Notes  
2 shall be payable in lawful money of the United States of America. Interest  
3 on the Notes shall be calculated on the basis of a year of 360 days and  
4 twelve 30-day months. For so long as all Notes are in fully immobilized  
5 form, payments of principal and interest thereon shall be made as provided  
6 in accordance with the operational arrangements of DTC referred to in the  
7 Letter of Representations. In the event that the Notes are no longer in fully  
8 immobilized form, interest on the Notes shall be paid by check or draft  
9 mailed to the Registered Owners at the addresses for such Registered  
10 Owners appearing on the Note Register on the fifteenth day of the month  
11 preceding the interest payment date, or upon the written request of a  
12 Registered Owner of more than \$1,000,000 of Notes (received by the  
13 Registrar at least 15 days prior to the applicable payment date), such  
14 payment shall be made by the Registrar by wire transfer to the account  
15 within the United States designated by the Registered Owner. Principal of  
16 the Notes shall be payable upon presentation and surrender of such Notes  
17 by the Registered Owners at the principal office of the Registrar.

18 **Section 7.** Redemption of Notes. The Notes are not subject to redemption prior to  
19 their scheduled maturity.

20 **Section 8.** Form of Note. Each Note shall be in substantially the following form, with  
21 such variations, omissions and insertions as may be required or permitted by this  
22 ordinance:

1 UNITED STATES OF AMERICA

2  
3 No. \_\_\_\_\_ \$ \_\_\_\_\_

4  
5 STATE OF ALASKA  
6 ANCHORAGE, ALASKA

7  
8 2009 GENERAL OBLIGATION TAX ANTICIPATION NOTE

9  
10 INTEREST RATE: MATURITY DATE: \_\_\_\_\_, 2009 CUSIP NO.:

11  
12 REGISTERED OWNER: CEDE & CO.

13  
14 PRINCIPAL AMOUNT:

15  
16 Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of  
17 Alaska, hereby acknowledges itself to owe and for value received promises to pay to the  
18 Registered Owner identified above, or its registered assigns on the Maturity Date identified  
19 above, the Principal Amount indicated above together with interest thereon at the Interest  
20 Rate shown above, payable on the Maturity Date. Payments of principal of and interest on  
21 this note shall be made as provided in The Depository Trust Company Operational  
22 Arrangements Memorandum dated December 12, 1994, as amended from time to time and  
23 referred to in the Blanket Issuer Letter of Representations dated July 1, 1995, between the  
24 Municipality and The Depository Trust Company (together, the "Letter of  
25 Representations") for so long as this note is held in book entry only form.  
26 \_\_\_\_\_ has been appointed as the authentication agent, paying agent  
27 and registrar for the notes of this issue (the "Registrar").

28  
29 The notes of this issue are issued under and in accordance with the provisions of  
30 the Constitution and applicable statutes of the State of Alaska, including the Home Rule  
31 Charter of the Municipality and Ordinance No. AO-\_\_\_\_\_ duly passed by the Municipal  
32 Assembly on \_\_\_\_\_ (the "Note Ordinance"). Capitalized terms used in this note  
33 have the meanings given such terms in the Note Ordinance.

34  
35 This note shall not be valid or become obligatory for any purpose or be entitled to  
36 any security or benefit under the Note Ordinance until the Certificate of Authentication  
37 hereon shall have been manually signed by or on behalf of the Registrar or its duly  
38 designated agent.

39  
40 This note is one of an authorized issue of notes of like date, tenor, rate of interest  
41 and date of maturity, except as to number and amount in the aggregate principal amount of  
42 \$ \_\_\_\_\_ and is issued pursuant to the Note Ordinance for providing funds to  
43 operating expenses of the Municipality pending the receipt of taxes of the and to pay costs  
44 of issuance.

45  
46 The notes of this issue are not subject to redemption prior to their stated maturity.

1  
2 The Municipality hereby irrevocably covenants and agrees with the owner of this  
3 note that it will include in its annual budget and levy taxes annually, within and as a part of  
4 the tax levy permitted to the Municipality without a vote of the electorate, upon all the  
5 property subject to taxation in amounts sufficient, together with other money legally  
6 available therefor, to pay the principal of and interest on this note as the same shall become  
7 due. The full faith, credit and resources of the Municipality are hereby irrevocably pledged  
8 for the annual levy and collection of such taxes and the prompt payment of such principal  
9 and interest.

10  
11 The notes of this issue are not "qualified tax-exempt obligations" for investment by  
12 financial institutions under Section 265(b) of the Code.

13  
14 The pledge of tax levies for payment of principal of and interest on the notes may  
15 be discharged prior to maturity of the notes by making provision for the payment thereof  
16 on the terms and conditions set forth in the Note Ordinance.

17  
18 It is hereby certified that all acts, conditions and things required by the Constitution  
19 and statutes of the State of Alaska and the Home Rule Charter, ordinances and ordinances  
20 of the Municipality to be done precedent to and in the issuance of this note have happened,  
21 been done and performed.

22  
23 IN WITNESS WHEREOF, Anchorage, Alaska, has caused this note to be executed  
24 with the manual or facsimile signature of its Municipal Manager or Acting Mayor and to  
25 be countersigned with the manual or facsimile signature of its Clerk and the official seal of  
26 the Municipality to be impressed, imprinted or otherwise reproduced hereon, this  
27 \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

28 ANCHORAGE, ALASKA

29  
30  
31 By /s/manual or facsimile signature  
32 [Municipal Manager][Acting Mayor]

33  
34 Countersigned:

35  
36  
37 /s/manual or facsimile signature  
38 Clerk  
39

(Form of Certificate of Authentication)

Date of Authentication:

This note is one of the Municipality of Anchorage, Alaska, 2009 General Obligation Tax Anticipation Notes, described in and issued pursuant to the within mentioned Note Ordinance.

\_\_\_\_\_, Registrar

By \_\_\_\_\_  
Authorized Signer

In the event the Notes are no longer held in book-entry only form, the form of Notes may be modified to conform to printing requirements and the terms of this ordinance.

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

**Section 10.** Lost, Stolen, Destroyed or Mutilated Notes. In case any Notes shall at any time become mutilated or be lost, stolen or destroyed, the Municipality in the case of such a mutilated Note shall, and in the case of such a lost, stolen or destroyed Note in its discretion may, execute and deliver a new Note of the same interest rate and maturity and



1 of like tenor and effect in exchange or substitution for and upon the surrender and  
2 cancellation of such mutilated Note, or in lieu of or in substitution for such destroyed,  
3 stolen or lost Note, or if such stolen, destroyed or lost Note shall have matured, instead of  
4 issuing a substitute therefor, the Municipality may at its option pay the same without the  
5 surrender thereof. Except in the case where a mutilated Note is surrendered, the applicant  
6 for the issuance of a substitute Note shall furnish to the Registrar evidence satisfactory to it  
7 of the theft, destruction or loss of the original Note, and of the ownership thereof, and also  
8 such security and indemnity as may be required by the Municipality, and no such substitute  
9 Note shall be issued unless the applicant for the issuance thereof shall reimburse the  
10 Municipality for the expenses incurred by the Municipality in connection with the  
11 preparation, execution, issuance and delivery of the substitute Note, and any such  
12 substitute Note shall be equally and proportionately entitled to the security of this  
13 ordinance with all other Notes issued hereunder, whether or not the Note alleged to have  
14 been lost, stolen or destroyed shall be found at any time or be enforceable by anyone.

15 **Section 11.** Defeasance. In the event that money and/or Acquired Obligations maturing  
16 at such time or times and bearing interest to be earned thereon in amounts sufficient to  
17 redeem and retire any or all of the Notes in accordance with their terms are set aside in a  
18 special trust account in the Note Redemption Fund to effect such redemption or retirement  
19 and such money and the principal of and interest on such obligations are irrevocably set  
20 aside and pledged for such purpose, then no further payments need be made into the Note  
21 Redemption Fund for the payment of the principal of and interest on such Notes, and such  
22 Notes shall cease to be entitled to any benefit or security of this ordinance except the right

1 to receive the funds so set aside and pledged, and such Notes shall be deemed not to be  
2 outstanding hereunder.

3 **Section 12.** Application of Note Proceeds. The monies derived from the sale of the  
4 Notes shall be deposited in the fund or funds of the Municipality designated in the closing  
5 memorandum approved by the Chief Fiscal Officer (or her designee) on the date of  
6 delivery of the Notes.

7 Certain funds of the Municipality may be held and maintained in the custody of the  
8 Registrar, as depository, under the terms of the written agreement with the Registrar.  
9 Those funds may be further subdivided into accounts or subaccounts for accounting  
10 purposes. All such money and securities held by the Registrar, as depository, shall be  
11 applied and invested only in accordance with the terms of the agreement with the  
12 Registrar. All interest earnings from investment, if any, of money held in any fund or  
13 account held by the Registrar shall accrue for the benefit of the invested fund or account.  
14 All money, accounts and funds of the Municipality that may be held by the Registrar, as  
15 depository, shall be and continue to be funds of the Municipality and subject to the terms  
16 of this ordinance.

17 **Section 13.** Note Redemption Fund and Provision for Tax Levy Payments. The  
18 Municipality shall establish a fund to be used for the payment of debt service on the Notes  
19 (the "Note Redemption Fund"). No later than the date of maturity, the Municipality shall  
20 transmit sufficient funds, from the Note Redemption Fund or from other legally available  
21 sources to the Registrar for the payment of such principal and/or interest. Money in the  
22 Note Redemption Fund not needed to pay the interest or principal next coming due may  
23 temporarily be deposited in legal investments for Municipality funds.

1       The Municipality hereby irrevocably covenants and agrees that it will include in its  
2 budget and levy an *ad valorem* tax upon all the property within the Municipality subject to  
3 taxation in an amount that will be sufficient, together with all other revenues and money of  
4 the Municipality legally available for such purposes, to pay the principal of and interest on  
5 the Notes as the same shall become due.

6       The Municipality hereby irrevocably pledges that the tax provided for herein to be  
7 levied for the payment of such principal and interest shall be within and as a part of the tax  
8 levy permitted to the Municipality without a vote of the people, and such amounts are  
9 hereby irrevocably set aside, pledged and appropriated for the payment of the principal of  
10 and interest on the Notes. The full faith, credit and resources of the Municipality are  
11 hereby irrevocably pledged for the levy and collection of said taxes and for the prompt  
12 payment of the principal of and interest on the Notes as the same shall become due.

13 **Section 14.** Registrar. The Chief Fiscal Officer is hereby authorized to appoint a  
14 Registrar for the Notes; provided such company shall be a bank or trust company  
15 organized under the laws of the United States of America or a national banking association  
16 and shall be authorized by law to perform all the duties imposed upon it by this ordinance.

17 **Section 15.** Arbitrage Covenant. The Municipality covenants with the registered  
18 owners of all Notes at any time outstanding that it will make no use of the proceeds of the  
19 Notes which will cause the Notes to be "arbitrage bonds" subject to federal income  
20 taxation by reason of Section 148 of the Code. As part of the performance of this  
21 covenant, within 25 days of the end of the six-month period beginning on the date of  
22 delivery of the Notes, the Municipality will perform such calculations as are necessary to  
23 determine whether or not the Municipality has met the "safe harbor" requirements of

1 Section 148(f)(4)(B)(iii) of the Code with respect to the Notes and, if it has not met such  
2 safe harbor requirements, it will, within 45 days after the retirement of the Notes, calculate  
3 the amount, if any, of investment profits that must be rebated to the United States, and will  
4 pay to the United States the amount of any such investment profit within 60 days of  
5 retirement of the Notes.

6 **Section 16.** Sale of Notes, Final Terms, Approval of Official Statement. The Notes  
7 shall be sold at a competitive public sale. The Chief Fiscal Officer or her designee shall  
8 (a) establish the date of the public sale; (b) establish the criteria by which the successful  
9 bidder will be determined; (c) determine whether a good faith deposit shall be required and  
10 if so, the amount required; (d) cause notice of the public sale to be given; and (e) provide  
11 for such other matters pertaining to the public sale as he deems necessary or desirable.  
12 Upon the date and time established for the receipt of bids for the Notes, the Chief Fiscal  
13 Officer or her designee shall open the bids and shall cause the bids to be mathematically  
14 verified. The Notes shall be sold to the bidder offering to purchase them at the lowest net  
15 interest cost to the Municipality; provided, however, that the Municipality may reserve the  
16 right to reject any and all bids for the Notes and also may waive any irregularity or  
17 informality in any bid. The Chief Fiscal Officer is hereby authorized to accept the bid of  
18 the bidder offering to purchase the Notes in accordance with the criteria established in this  
19 Section so long as (i) the aggregate principal amount of the Notes does not exceed  
20 \$150,000,000; and (ii) the net interest cost for the Notes (in the aggregate) does not exceed  
21 4.0%.

22 The authority granted to the Chief Fiscal Officer by this Section 16 shall expire  
23 120 days after the date of approval of this ordinance. If the sale for the Notes has not been

1 completed within 120 days after the date of final approval of this ordinance, the  
2 authorization for the issuance of the Notes shall be rescinded, and the Notes shall not be  
3 issued nor their sale approved unless such Notes shall have been re-authorized by  
4 ordinance of the Municipality. The ordinance re-authorizing the issuance and sale of such  
5 Notes may be in the form of a new ordinance repealing this ordinance in whole or in part  
6 or may be in the form of an amendatory ordinance establishing terms and conditions for  
7 the authority delegated under this Section.

8 The Chief Fiscal Officer and/or her designee are hereby authorized to review and  
9 approve on behalf of the Municipality the preliminary and final Official Statements relative  
10 to the Notes with such additions and changes as may be deemed necessary or advisable to  
11 them. The Chief Fiscal Officer is hereby further authorized to deem final the Preliminary  
12 Official Statement for the Notes for purposes of compliance with the Rule.

13 The Chief Fiscal Officer and other Municipality officials, agents and representative  
14 are hereby authorized and directed to do everything necessary for the prompt issuance,  
15 execution and delivery of the Notes to the successful bidder and for the proper application  
16 and use of the proceeds of sale of the Notes.

17 **Section 17.** Undertaking to Provide Ongoing Disclosure.

18 (a) *Contract/Undertaking.* This section constitutes the Municipality's written  
19 undertaking for the benefit of the owners of the Notes as required by  
20 Section (b)(5) of the Rule.

21 (b) *Financial Statements/Operating Data.* The Municipality agrees to provide  
22 or cause to be provided to each NRMSIR and to the SID, if any, in each  
23 case as designated by the Commission in accordance with the Rule, the

1 following annual financial information and operating data for the prior  
2 fiscal year (commencing June 30, 2010 for the fiscal year ending  
3 December 31, 2009):

- 4 1. Annual financial statements, which may or may not be audited  
5 prepared in accordance with generally accepted accounting  
6 principles;
- 7 2. The assessed valuation of taxable property in the Municipality;
- 8 3. Ad valorem taxes due and percentage of taxes collected;
- 9 4. Property tax levy rate per \$1,000 of assessed valuation; and
- 10 5. Outstanding general obligation debt of the Municipality.

11 Items 2-5 shall be required only to the extent that such information is not included in the  
12 annual financial statements.

13 Such annual information and operating data described above shall be provided on  
14 or before seven months after the end of the Municipality's fiscal year. The Municipality's  
15 current fiscal year ends December 31. The Municipality may adjust such fiscal year by  
16 providing written notice of the change of fiscal year to each then existing NRMSIR and the  
17 SID, if any. In lieu of providing such annual financial information and operating data, the  
18 Municipality may cross-reference to other documents provided to the NRMSIR, the SID or  
19 to the Commission and, if such document is a final official statement within the meaning  
20 of the Rule, available from the MSRB.

21 If not provided as part of the annual financial information discussed above, the  
22 Municipality shall provide the Municipality's audited annual financial statement prepared

1 in accordance generally accepted accounting principles when and if available to each then  
2 existing NRMSIR and the SID, if any.

3 (c) *Material Events.* The Municipality agrees to provide or cause to be  
4 provided, in a timely manner, to the SID, if any, and to each NRMSIR  
5 notice of the occurrence of any of the following events with respect to the  
6 Notes, if material:

- 7 • Principal and interest payment delinquencies;
- 8 • Non-payment related defaults;
- 9 • Unscheduled draws on debt service reserves reflecting financial  
10 difficulties;
- 11 • Unscheduled draws on credit enhancements reflecting financial  
12 difficulties;
- 13 • Substitution of credit or liquidity providers, or their failure to  
14 perform;
- 15 • Adverse tax opinions or events affecting the tax-exempt status of  
16 the Notes;
- 17 • Modifications to rights of owners;
- 18 • Optional, contingent or unscheduled Note calls other than  
19 scheduled sinking fund redemptions for which notice is given  
20 pursuant to Exchange Act Release 34-23856;
- 21 • Defeasances;
- 22 • Release, substitution or sale of property securing the repayment  
23 of the Notes; and

- Rating changes.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Notes, the Municipality will state in its Preliminary and Final Official Statements that there is no property securing the repayment of the Notes.

(d) *Notice Upon Failure to Provide Financial Data.* The Municipality agrees to provide or cause to be provided, in a timely manner, to each NRMSIR and to the SID, if any, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Termination/Modification.* The Municipality's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. Any provision of this section shall be null and void if the Municipality (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Notes and (2) notifies each NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

The Municipality may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the Municipality shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type



1 (or in the case of a change of accounting principles, on the presentation) of financial  
2 information or operating data being presented by the Municipality. In addition, if the  
3 amendment relates to the accounting principles to be followed in preparing financial  
4 statements, (1) notice of such change shall be given in the same manner as for a material  
5 event under Subsection (c), and (2) the annual report for the year in which the change is  
6 made shall present a comparison (in narrative form and also, if feasible, in quantitative  
7 form) between the financial statements as prepared on the basis of the new accounting  
8 principles and those prepared on the basis of the former accounting principles.

9 (f) *Note Owner's Remedies Under this Section.* A Note owner's right to  
10 enforce the provisions of this section shall be limited to a right to obtain  
11 specific enforcement of the Municipality's obligations hereunder, and any  
12 failure by the Municipality to comply with the provisions of this  
13 undertaking shall not be a default with respect to the Notes under this  
14 ordinance.

15 (g) *Additional Information.* Nothing in this Section 17 shall be deemed to  
16 prevent the Municipality from disseminating any other information, using  
17 the means of dissemination set forth in this Section 17 or any other means  
18 of communication, or including any other information in any annual  
19 financial statement or notice of occurrence of a material event, in addition  
20 to that which is required by this Section 17. If the Municipality chooses to  
21 include any information in any annual financial statement or notice of the  
22 occurrence of a material event in addition to that specifically required by  
23 this Section 17 the Municipality shall have no obligation under this

1 ordinance to update such information or to include it in any future annual  
2 financial statement or notice of occurrence of a material event.

- 3 (h) *DisclosureUSA*. The Municipality may elect to submit the information  
4 required by this Section 17 to be filed with the NRMSIRs and the SID, if  
5 any, directly to DisclosureUSA.org unless or until the Commission  
6 withdraws its approval of this submission process.

7 **Section 18.** Authority of Officers. The Acting Mayor, the Municipal Manager, the  
8 Chief Fiscal Officer, the Municipal Clerk and the acting Municipal Clerk from time to  
9 time, are, and each of them hereby is, authorized and directed to do and perform all things  
10 and determine all matters not determined by this ordinance, or to be determined by a  
11 subsequent ordinance or ordinance of the Municipality, to the end that the Municipality  
12 may carry out its obligations under the Notes and this ordinance.

13 **Section 19.** Amendatory and Supplemental Ordinances.

- 14 (a) The Assembly from time to time and at any time may adopt an ordinance or  
15 ordinances supplemental hereto, which ordinance or ordinances thereafter  
16 shall become a part of this ordinance, for any one or more of the following  
17 purposes:

- 18 (1) To add to the covenants and agreements of the Municipality in this  
19 ordinance contained, other covenants and agreements thereafter to  
20 be observed, or to surrender any right or power herein reserved to or  
21 conferred upon the Municipality.
- 22 (2) To make such provisions for the purpose of curing any ambiguities  
23 or of curing, correcting or supplementing any defective provision

1 contained in this ordinance or in regard to matters or questions  
2 arising under this ordinance as the Assembly may deem necessary or  
3 desirable and not inconsistent with this ordinance and which shall  
4 not adversely affect the interests of the registered owners of the  
5 Notes.

6 Any such supplemental ordinance of the Assembly may be adopted without the  
7 consent of the registered owner of any of the Notes at any time outstanding,  
8 notwithstanding any of the provisions of subsection (b) of this Section.

9 (b) With the consent of the registered owners of not less than 60% in aggregate  
10 principal amount of the Notes at the time outstanding, the Assembly may  
11 adopt an ordinance or ordinances supplemental hereto for the purpose of  
12 adding any provisions to or changing in any manner or eliminating any of  
13 the provisions of this ordinance or of any supplemental ordinance; provided,  
14 however, that no such supplemental ordinance shall:

- 15 (1) Extend the fixed maturity of the Notes, or reduce the rate of interest  
16 thereon, or extend the time of payment of interest from its due date,  
17 or reduce the amount of the principal thereof, without the consent of  
18 the owner of each Note so affected; or
- 19 (2) Reduce the aforesaid percentage of owners of Notes required to  
20 approve any such supplemental ordinance without the consent of the  
21 owners of all of the Notes then outstanding.

1           It shall not be necessary for the consent of the owners of the Notes under this  
2 subsection to approve the particular form of any proposed supplemental ordinance, but it  
3 shall be sufficient if such consent approves the substance thereof.

4           (c)   Upon the adoption of any supplemental ordinance pursuant to the  
5 provisions of this Section, this ordinance shall be deemed to be modified  
6 and amended in accordance therewith, and the respective rights, duties and  
7 obligations of the Municipality under this ordinance and all owners of Notes  
8 outstanding hereunder shall thereafter be determined, exercised and  
9 enforced thereunder, subject in all respects to such modification and  
10 amendment, and all the terms and conditions of any such supplemental  
11 ordinance shall be deemed to be part of the terms and conditions of this  
12 ordinance for any and all purposes.

13           (d)   Notes executed and delivered after the execution of any supplemental  
14 ordinance adopted pursuant to the provisions of this Section may bear a  
15 notation as to any matter provided for in such supplemental ordinance, and  
16 if such supplemental ordinance shall so provide, new Notes so modified so  
17 as to conform, in the opinion of the Municipality, to any modification of  
18 this ordinance contained in any such supplemental ordinance may be  
19 prepared by the Municipality and delivered without cost to the registered  
20 owners of the Notes then outstanding, upon surrender for cancellation of  
21 such Notes in equal aggregate principal amounts.

22 **Section 20.**   Prohibited Sale of Notes. No person, firm or corporation, or any agent or  
23 employee thereof, acting as financial consultant to the Municipality under an agreement for

1 payment in connection with the sale of the Notes is eligible to purchase the Notes as a  
2 member of the original underwriting syndicate either at public or private sale.

3 **Section 21.** Miscellaneous. No recourse shall be had for the payment of the principal of  
4 or the interest on the Notes or for any claim based thereon or on this ordinance against any  
5 member of the Assembly or officer of the Municipality or any person executing the Notes.  
6 The Notes are not and shall not be in any way a debt or liability of the State of Alaska or of  
7 any political subdivision thereof, except the Municipality, and do not and shall not create  
8 or constitute an indebtedness or obligation, either legal, moral or otherwise, of said State or  
9 of any political subdivision thereof, except the Municipality.

10 **Section 22.** Appropriation. It is anticipated that interest earned on Note proceeds will  
11 be credited to five major operating funds in 2009. The Assembly hereby resolves that  
12 interest earnings are appropriated within the following funds to pay interest expense and  
13 issuing costs associated with the 2009 Tax Anticipation Notes:

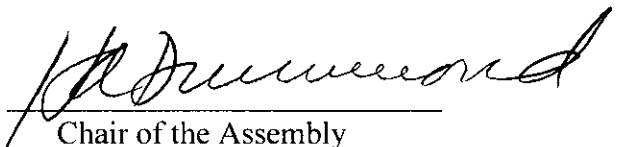
- 14 (a) That the sum of \$589,779 is appropriated in the Areawide General Fund  
15 (101) to Non-Departmental;
- 16 (b) That the sum of \$98,296 is appropriated in the Anchorage Fire Service Area  
17 Fund (131) to the Anchorage Fire Department;
- 18 (c) That the sum of \$78,637 is appropriated in the Anchorage Roads and  
19 Drainage Service Area Fund (141) to the Maintenance and Operations  
20 Department;
- 21 (d) That the sum of \$186,764 is appropriated in the Anchorage Metropolitan  
22 Police Service Area Fund (151) to the Anchorage Police Department; and

1 (e) That the sum of \$29,489 is appropriated in the Anchorage Parks and  
2 Recreation Service Area Fund (161) to the Anchorage Parks and Recreation  
3 Department.


4 **Section 23.** Severability. If any one or more of the covenants and agreements provided  
5 in this ordinance to be performed on the part of the Municipality shall be declared by any  
6 court of competent jurisdiction to be contrary to law, then such covenant or covenants,  
7 agreement or agreements shall be null and void and shall be deemed separable from the  
8 remaining covenants and agreements in this ordinance and shall in no way affect the  
9 validity of the other provisions of this ordinance or of the Notes.

10 **Section 24.** Effective Date. This ordinance shall be effective immediately upon passage  
11 and approval by the Assembly.

12 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this 24<sup>th</sup>  
13 day of March, 2009.

14  
15 By   
16 Chair of the Assembly  
17

18 ATTEST:

19   
20 Municipal Clerk  
21

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. AO 2009-33

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) IN AGGREGATE PRINCIPAL AMOUNT OF TAX ANTICIPATION NOTES; FIXING CERTAIN DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD VALOREM PROPERTY TAXES TO BE COLLECTED DURING YEAR 2009 AND THE FULL FAITH AND CREDIT TO THE PAYMENT THEREOF; DELEGATING CERTAIN MATTERS TO THE CHIEF FISCAL OFFICER IN CONNECTION WITH THE SALE OF THE NOTES; AND APPROPRIATING NINE HUNDRED EIGHTY-TWO THOUSAND NINE HUNDRED SIXTY-FIVE DOLLARS (\$982,965) OF INTEREST EARNINGS TO PAY INTEREST EXPENSE AND ISSUING COSTS FOR THE NOTES.

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Prepared by

K&L PRESTON GATES ELLIS LLP

**MUNICIPALITY OF ANCHORAGE**  
**ORDINANCE No. AO 2009-33**

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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 - 2009 General Obligation Tax Anticipation Notes**

AO Number: 2009-33

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) IN AGGREGATE PRINCIPAL AMOUNT OF TAX ANTICIPATION NOTES; FIXING CERTAIN DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD VALOREM PROPERTY TAXES TO BE COLLECTED DURING YEAR 2009 AND THE FULL FAITH AND CREDIT TO THE PAYMENT THEREOF; DELEGATING CERTAIN MATTERS TO THE CHIEF FISCAL OFFICER IN CONNECTION WITH THE SALE OF THE NOTES; AND APPROPRIATING NINE HUNDRED EIGHTY-TWO THOUSAND NINE HUNDRED SIXTY-FIVE DOLLARS (\$982,965) OF INTEREST EARNINGS TO PAY INTEREST EXPENSE AND ISSUING COSTS FOR THE NOTES.

Sponsor:

Preparing Agency: Public Finance and Investments

Others Impacted:

---

**CHANGES IN EXPENDITURES AND REVENUES:** (Thousands of Dollars)

---

	FY09	FY10	FY11	FY12	FY13
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 Other Services	102*	0	0	0	0
4000 Debt Service	881*	0	0	0	0
5000 Capital Outlay					
<b>TOTAL DIRECT COSTS:</b>	<b>983*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

---

ADD: 6000 Charge from Others

LESS: 7000 Charge to Others

---

FUNCTION COST:

---

REVENUES:

---

CAPITAL:

---

POSITIONS:

---

**PUBLIC SECTOR ECONOMIC EFFECTS:**

The sale of the notes in the tax-exempt market, rather than borrowing from other Municipal entities in the General Cash Pool, allows the MOA to continue to earn interest on the expected cash shortfall at a taxable rate.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

The estimated interest expense of \$880,672 and costs of issuance of \$102,293 are based upon market conditions as of February 19, 2009.

\* Subject to market rates and timing



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 131-2009

Meeting Date: March 3, 2009

**From:** Acting Mayor

**Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) IN AGGREGATE PRINCIPAL AMOUNT OF TAX ANTICIPATION NOTES; FIXING CERTAIN DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD VALOREM PROPERTY TAXES TO BE COLLECTED DURING YEAR 2009 AND THE FULL FAITH AND CREDIT TO THE PAYMENT THEREOF; DELEGATING CERTAIN MATTERS TO THE CHIEF FISCAL OFFICER IN CONNECTION WITH THE SALE OF THE NOTES; AND APPROPRIATING NINE HUNDRED EIGHTY-TWO THOUSAND NINE HUNDRED SIXTY-FIVE DOLLARS (\$982,965) OF INTEREST EARNINGS TO PAY INTEREST EXPENSE AND ISSUING COSTS FOR THE NOTES.

The attached ordinance authorizes the issuance of not to exceed \$150,000,000 in Tax Anticipation Notes (TANs). The date and sale of the notes will occur in early April 2009. The issuance allows the Municipality to maintain its other investment holdings rather than liquidate all assets at historically low values.

Interest earned on the note proceeds will be credited to the five major operating funds. The attached ordinance appropriates \$982,965 of interest earnings within the five major operating funds to pay interest expense and fiscal agent fees due. To the extent interest earnings on the TANs proceeds are less than the TANs cost due to the historically low short term interest rate environment, the shortfall will ultimately be funded through usage of fund balance. However, note that the cost of this possibility is significantly less than the cost of not selling TANs and thereby liquidating municipal investments at extremely low values.

<u>Revenue</u>	<u>Account Name</u>	<u>Amount</u>
101-9250-9762	Other Short Term Interest	\$589,779
131-9256-9762	Other Short Term Interest	98,296
141-9257-9762	Other Short Term Interest	78,637
151-9258-9762	Other Short Term Interest	186,764
161-9259-9762	Other Short Term Interest	<u>29,489</u>
		<u>\$ 982,965</u>

<u>Expenditure</u>	<u>Account Name</u>	<u>Amount</u>
101-9100-4112	TANS Interest Expense	\$528,403
131-3520-4112	TANS Interest Expense	88,067
141-7671-4112	TANS Interest Expense	70,454
151-4850-4112	TANS Interest Expense	167,328
161-5121-4112	TANS Interest Expense	26,420
101-9100-4113	TANS Fiscal Agent Fees	61,376
131-3520-4113	TANS Fiscal Agent Fees	10,229
141-7671-4113	TANS Fiscal Agent Fees	8,183
151-4850-4113	TANS Fiscal Agent Fees	19,436
161-5121-4113	TANS Fiscal Agent Fees	3,069
		<u>\$ 982,965</u>

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ATTACHED ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$150,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TAX ANTICIPATION NOTES OF THE MUNICIPALITY AND APPROPRIATING \$982,965 FROM INTEREST EARNINGS RECEIVED IN FIVE MAJOR FUNDS TO PAY THE INTEREST EXPENSE AND ISSUING COSTS ASSOCIATED WITH THE APRIL 2009 TAX ANTICIPATION NOTES.

Prepared by: Ross Risvold, Manager of Public Finance & Investments  
Fund Certification: Sharon Weddleton, CFO

101-9250-9762-BP2009 -	\$589,779
131-9256-9762-BP2009 -	98,296
141-9257-9762-BP2009 -	78,637
151-9258-9762-BP2009 -	186,764
161-9259-9762-BP2009 -	<u>29,489</u>
	<u>\$982,965</u>

Concur : James N. Reeves, Municipal Attorney  
Concur: Michael K. Abbott, Municipal Manager  
Respectfully Submitted: Matt Claman, Acting Mayor

**Content ID:** 007469**Type:** Ordinance - AO

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) IN AGGREGATE PRINCIPAL AMOUNT OF TAX ANTICIPATION NOTES; FIXING CERTAIN DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD VALOREM

**Title:** PROPERTY TAXES TO BE COLLECTED DURING YEAR 2009 AND THE FULL FAITH AND CREDIT TO THE PAYMENT THEREOF; DELEGATING CERTAIN MATTERS TO THE CHIEF FISCAL OFFICER IN CONNECTION WITH THE SALE OF THE NOTES; AND APPROPRIATING NINE HUNDRED EIGHTY-TWO THOUSAND NINE HUNDRED SIXTY-FIVE DOLLARS (\$982,965) OF INTEREST EARNINGS TO PAY INTEREST EXPENSE AND ISSUING COSTS FOR THE NOTES.

**Author:** pruittns

**Initiating Dept:** Finance

**Description:** Ordinance, AM, SEE 2009 Tax Anticipation Notices**Keywords:** 2009 Tax Anticipation Notice

**Date Prepared:** 2/20/09 1:59 PM

**Director Name:** Weddleton

**Assembly Meeting Date:** 3/3/09

**Public Hearing Date:** 3/24/09

<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	2/20/09 2:31 PM	Exit	Joy Maglaqui	Public	007469
MuniMgrCoord_SubWorkflow	2/20/09 2:31 PM	Approve	Joy Maglaqui	Public	007469
MuniManager_SubWorkflow	2/20/09 2:31 PM	Approve	Joy Maglaqui	Public	007469
Legal_SubWorkflow	2/20/09 2:22 PM	Approve	Dean Gates	Public	007469
OMB_SubWorkflow	2/20/09 2:15 PM	Approve	Wanda Phillips	Public	007469
Finance_SubWorkflow	2/20/09 2:05 PM	Approve	Sharon Weddleton	Public	007469
AllOrdinanceWorkflow	2/20/09 2:02 PM	Checkin	Nina Pruitt	Public	007469



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY INFORMATION MEMORANDUM

No. AIM 26-2009

Meeting Date: March 24, 2009

**FROM:** Acting Mayor

**SUBJECT:** Proposed 2009 Tax Anticipation Notes (TAN) Transaction Scheduled for Public Hearing on March 24, 2009

This information memorandum and the attached recommendation from Michael O'Leary of Callan & Associates are submitted to provide information to the Assembly in regard to the proposed 2009 TAN transaction.

In January 2009 Callan & Associates was hired by the Municipality of Anchorage (MOA) under AMC 6.50.030 to perform an updated review of the MOA's investment policies and practices including a review of the externally managed Municipal Cash Pool (MCP) and the internally managed restricted cash pool. This effort was unanimously supported by the Investment Advisory Commission at its December 10, meeting.

We have reviewed our cash flow needs and investment holdings with our financial advisor (First Southwest Company) and our investment advisor, Callan & Associates. The Municipality's cash flow is seasonal due to the property tax payment due dates of June 15 and August 15. The general account and related funds incur a seasonal low point of funds during the three months ending May 31. Staff recommends the MOA meet its seasonal cash flow low point for the general funds this year with a TAN issue. The issuance of a five month tax-exempt note will help us avoid drawing down balances from either the Blackrock or Aberdeen Portfolios in the MCP and avoid prompting realized losses that could occur due to the timing of the sale of the securities. This also keeps the MCP funds invested at taxable rates while we pay tax-exempt rates on the notes.

Based upon staff's discussion on February 27, 2009 with the Municipality's financial advisor the following market conditions exist for short term tax-exempt paper:

- Investors are at their concentration limits in certain areas such as financials, therefore,
- There is a healthy demand for highly rated stand alone credit such as the MOA with its AA long term rating and SP-1+ short term rating,
- Timing is good to enter the market,
- A competitive sale would be appropriate and should receive numerous bids, and

- Today's rate (as of February 27, 2009) would be a 1.50 – 2.00% coupon paid for with a premium resulting in a Net Interest Cost to the MOA of .60 - .65% for a September 1, 2009 maturity.

Prepared by: Sharon Weddleton, CFO  
Concurrence: Michael K. Abbott, Municipal Manager  
Respectfully submitted: Matt Claman, Acting Mayor

**MOA Operating Cash Pool  
TAN Issuance Considerations  
March 3, 2009**

Callan was asked to review projected cash flow requirements and opine on the two major options available to dealing with the normal seasonal cash flow short-falls.

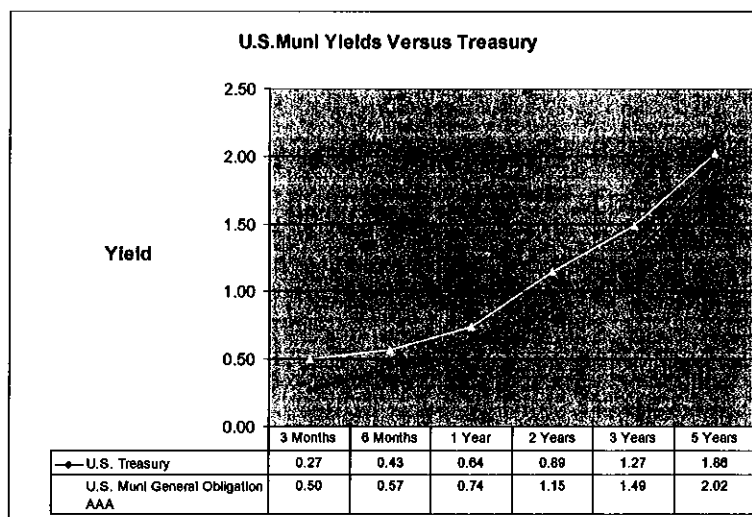
The alternatives are:

- 1.) liquidate investments held in longer-dated instruments to generate necessary cash, or
- 2.) issue TAN obligations to meet short-term needs and repay TAN obligations in September 2009.

Staff has been advised that current market conditions suggest that a MOA TAN issue should be accepted in the market and could be issued at a net interest cost of approximately .60 to .65% for a September 1, 2009 maturity. Of course, there is no assurance that market conditions will remain as receptive and the MOA has to have a ready alternative should market conditions change significantly before issuance.

**Current environment**

The chart below depicts the Treasury/Muni yield curve as of March 3, 2009 (source Bloomberg). My purpose in showing it is to demonstrate two things. First, the yield curves are quite steep (i.e. very short rates are well below longer term maturities) and second the absolute level of interest rates is very low.

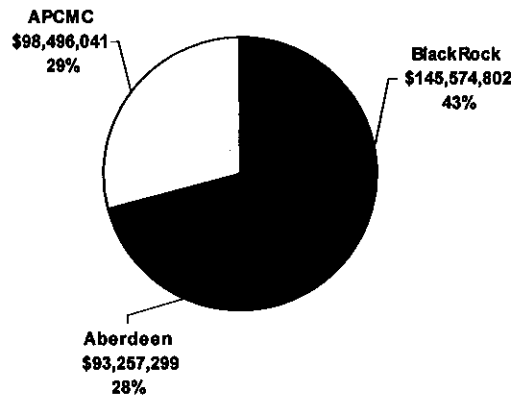


## Expected Cash Flow Needs

Finance staff routinely prepares cash flow forecasts. As was the case in 2008, cash flow projections for 2009 anticipate a net negative flow in March, April and May. Cash flows become positive in June as property tax revenue arrives. Staff's estimates envision a maximum negative cumulative value of \$140 million as of the end of May. This compares to a comparable negative value of \$116.5 million in May 2008.

The externally managed assets are segmented into three pieces. The distribution of assets as of January 31, 2009 is depicted below.

**Asset Distribution Across External Investment Managers**



The Alaska Permanent Capital Management portfolio is used to provide short-term liquidity. It is drawn down to meet near term liquidity requirements. It is then replenished with tax receipts. This portfolio invests exclusively in very short-term high quality liquid securities. It needs to receive additional funds to meet projected needs.

Last year, a total of \$95.429 million of TAN proceeds were received in February. They were repaid in December 2008. This year, staff's cash flow projections envision a maximum negative balance of \$140 million as of the end of May. The tentative plan is to issue in April and repay in September. The back-up alternative is to draw down investments currently managed by Aberdeen (contingency portfolio 1/31/09 value of \$93.3 million) and BlackRock (longer term reserve portfolio 1/31/09 value of \$145.6 million).

The Aberdeen portfolio has a current yield to maturity of 5.95% (1/31). BlackRock's portfolio has a very similar estimated yield to maturity of 5.71% (1/31). Both portfolios have a current market value below cost (this results from spread widening during the



market stress of the past 6+ months). Fortunately, spreads have begun to narrow (that is the difference in yields between assets with any credit risk and Treasury instruments of the same maturity).

The extreme difference in yields and the low interest cost envisioned for short-term TAN suggest that the MOA would benefit by minimizing reductions in either the Aberdeen or BlackRock portfolio, raising needed short-term seasonal liquidity through TAN issuance and investing the proceeds in the Alaska Permanent Capital Management portfolio.

Near the end of the fiscal year, staff and Callan will review expected cash flows for fiscal 2010 and resize target allocations to all three external portfolios.

Michael J. O’Leary CFA  
Executive Vice President  
Callan Associates Inc.  
3/4/09

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<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	3/12/09 3:26 PM	Exit	Joy Maglaqui	Public	007496
MuniMgrCoord_SubWorkflow	3/12/09 3:26 PM	Approve	Joy Maglaqui	Public	007496
MuniManager_SubWorkflow	3/12/09 9:41 AM	Approve	Michael Abbott	Public	007496
CFO_SubWorkflow	3/5/09 8:54 AM	Approve	Sharon Weddleton	Public	007496
Finance_SubWorkflow	3/5/09 8:54 AM	Approve	Sharon Weddleton	Public	007496
AllAIMSWorkflow	3/4/09 2:12 PM	Checkin	Nina Pruitt	Public	007496

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