

CLERK'S OFFICE

APPROVED

Date: 11-17-09

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

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

For Reading: November 3, 2009

MUNICIPALITY OF ANCHORAGE, ALASKA
ORDINANCE No. AO 2009-123

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF
WATER REVENUE REFUNDING BONDS FOR THE ANCHORAGE WATER
UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL
AMOUNT OF NOT TO EXCEED \$63,000,000 FOR THE PURPOSE OF
PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING WATER
REVENUE BONDS.

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

WHEREAS, the Municipality has outstanding the revenue bonds described with
particularity on Exhibit A, which have a lien on the revenues of AWU (defined on
Exhibit A as the "1998 Bonds" and the "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 1998
Bonds and the Parity Bonds through the issuance of the bonds herein authorized;
and

WHEREAS, the Constitution and statutes of the State of Alaska and Article XV of
the Home Rule Charter of the Municipality permit the Municipality to issue

1 refunding bonds payable out of the revenues of AWU without ratification by an
2 election; and

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

9 **WHEREAS**, it appears to the Assembly that it is in the best interest of the
10 Municipality and AWU that the bonds be sold in one or more series of water
11 revenue refunding bonds (the "Bonds") with an aggregate principal amount of not
12 to exceed \$63,000,000; and

13 **WHEREAS**, each of the ordinances that authorized the issuance of the Parity
14 Bonds defined on Exhibit A permit the Municipality to issue bonds in the future on
15 a parity with the Parity Bonds upon compliance with the terms and conditions set
16 forth in such ordinances (the "Parity Conditions"); and

17 **WHEREAS**, the Municipality will confirm that the Parity Conditions have or will be
18 complied with prior to the closing and delivery of the proposed revenue refunding
19 bonds; and

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

22 **THE ANCHORAGE ASSEMBLY ORDAINS:**

1 **Section 1.** **Purpose.** The purpose of this ordinance is to approve and provide
2 for the issuance and sale of not to exceed \$63,000,000 of water revenue
3 refunding bonds to provide moneys to pay the costs of refunding the Refunded
4 Bonds, to pay costs of issuance, to provide for reserves and to fix the form, certain
5 covenants and manner of sale for said revenue refunding bonds.

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

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

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

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

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

17 ***Bond* or *Bonds*** means any of the water revenue refunding bonds of the
18 Municipality the issuance and sale of which are approved herein.

19 ***Bond Fund*** means the special fund designated as the "Anchorage Water
20 Revenue Bond Fund" originally established pursuant to Ordinance
21 No. AO 99-118(S).

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

4 **Charter** means the Anchorage Municipal Charter as the same may be
5 amended from time to time.

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

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

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

19 **1998 Bond Ordinance** means Ordinance No. AO 98-71, passed on May 5,
20 1998.

21 **1998 Bonds** means the Municipality of Anchorage, Alaska, Senior Lien
22 Water Revenue and Refunding Bonds, 1998, issue pursuant to the 1998

1 Bond Ordinance, which remain outstanding in the principal amount of
2 \$10,120,000.

3 **1998 Refunding Candidates** means some or all of the callable portion of
4 the 1998 Bonds maturing on and after August 1, 2010.

5 **1999 Bond Ordinance** means Ordinance No. AO 99-118(S), passed on
6 October 12, 1999.

7 **1999 Bonds** means the Municipality of Anchorage, Alaska, Subordinate
8 Lien Water Revenue and Refunding Bonds, 1999, issued pursuant to the
9 1999 Bond Ordinance, which remain outstanding in the principal amount of
10 \$40,325,000.

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

13 **Parity Bonds** means the 1999 Bonds, the 2004 Bonds and the
14 2007 Bonds described in Exhibit A to this ordinance, the Bonds and any
15 bonds issued in the future on a parity with the Parity Bonds.

16 **Parity Conditions** mean the conditions under which the Municipality may
17 issue bonds in the future having a parity of lien on the available revenues of
18 AWU with the lien of the 1999 Bonds, the 2004 Bonds and the 2007 Bonds,
19 being those conditions set forth in the 1999 Bond Ordinance, the 2004
20 Bond Ordinance and the 2007 Bond Ordinance.

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

1 **Refunding Candidates** mean any or all of the 1998 Refunding Candidates,
2 the 1999 Refunding Candidates, the 2004 Refunding Candidates and the
3 2007 Refunding Candidates.

4 **2004 Bond Ordinance** means Ordinance No. AO 2004-76, passed on
5 April 27, 2004.

6 **2004 Bonds** mean the Municipality of Anchorage, Alaska, Water Revenue
7 and Refunding Bonds, 2004, issued pursuant to the 2004 Bond Ordinance,
8 which remain outstanding in the principal amount of \$3,765,000.

9 **2004 Refunding Candidates** mean some or all of the callable portion of
10 the 2004 Bonds maturing on and after May 1, 2015.

11 **2007 Bond Ordinance** means Ordinance No. AO 2007-77, passed on
12 June 12, 2007 and the Trust Agreement between the Municipality and U.S.
13 Bank National Association dated July 19, 2007.

14 **2007 Bonds** mean the Municipality of Anchorage, Alaska, Water Revenue
15 and Refunding Bonds, 2007, issued pursuant to the 2007 Bond Ordinance,
16 which remain outstanding in the principal amount of \$91,100,000.

17 **2007 Refunding Candidates** mean some or all of the callable portion of
18 the 2007 Bonds maturing on and after May 1, 2018.

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

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

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

5 **Interpretation.** Notwithstanding the foregoing definitions, the Chief Fiscal Officer
6 may maintain such separate funds and accounts in such names and under such
7 additional designations as shall be required or advisable to comply with the
8 accounting standards and conventions followed by the Municipality. The use of
9 the term "Fund" is intended to meet legal requirements and is not intended to be
10 defined as prescribed by generally accepted accounting principles.

11 **Section 3. Authorization of Bonds and Purpose of Issuance.** The Municipality
12 hereby authorizes the issuance and sale of not to exceed \$63,000,000 of water
13 revenue refunding bonds in one or more series and/or subseries (the "Bonds").
14 The Bonds shall be designated as provided in the Trust Agreement, and be
15 subject to the terms approved by the Chief Fiscal Officer, as set forth in the Trust
16 Agreement.

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

20 The Bonds shall be used for the purpose of refunding the Refunded Bonds
21 and thereby effecting a substantial savings in debt service to the Municipality for
22 the benefit of the ratepayers of AWU, to fund or provide for reserves and to pay
23 costs of issuance.

1 The exact principal amount of the Bonds shall be determined at the time of
2 marketing of the Bonds and shall be consistent with the pricing guidelines
3 established in Section 7 of this ordinance. The Bonds shall be payable in the
4 manner and from such fund or funds and shall be secured all as provided in the
5 hereafter authorized Trust Agreement.

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

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

14 UNITED STATES OF AMERICA
15 No. _____ \$ _____
16 STATE OF ALASKA
17 ANCHORAGE, ALASKA
18 WATER REVENUE REFUNDING BOND, 2009
19
20 INTEREST RATE: MATURITY DATE: CUSIP NO.:
21
22 REGISTERED OWNER:
23
24 PRINCIPAL AMOUNT:
25

26 Anchorage, Alaska (the "Municipality"), a municipal corporation of the State
27 of Alaska, hereby acknowledges itself to owe and for value received promises to
28 pay to the Registered Owner identified above, or its registered assigns, solely out
29 of the special fund of the Municipality known as the "Water Revenue Bond
30 Redemption Fund" (the "Bond Fund") created by authority of Ordinance
31 No. AO 99-118(S) of the Municipality on the Maturity Date identified above, the
32 Principal Amount indicated above together with interest thereon at the Interest
33 Rate shown above, payable on _____ 1, 20__, and semiannually thereafter

1 on the first days of _____ and _____, or until such Principal Amount
2 shall have been paid or duly provided for. Payments of principal of and interest on
3 this bond shall be made as provided in The Depository Trust Company
4 Operational Arrangements Memorandum dated December 12, 1994, as amended
5 from time to time and referred to in the Blanket Issuer Letter of Representations
6 dated July 1, 1995, between the Municipality and The Depository Trust Company
7 (together, the "Letter of Representations") for so long as this bond is held in book
8 entry only form. _____, _____, _____ has
9 been appointed as the authentication agent, paying agent and registrar for the
10 bonds of this issue (the "Registrar").
11

12 This bond is one of an issue of bonds (the "Bonds") of like date and tenor
13 except as to number, rate of interest, and date of maturity, aggregating the
14 principal sum of \$_____ and is issued pursuant to the Constitution and
15 statutes of the State of Alaska and the Home Rule Charter and duly adopted
16 ordinances and resolutions of the Municipality, including particularly, Ordinance
17 No. AO 2009-____ of the Municipality (the "Bond Ordinance") and a Trust
18 Agreement dated _____, 2009 between the Municipality and the Registrar (the
19 "Trust Agreement") for the purpose of paying the costs of refunding certain
20 outstanding water revenue bonds of the Municipality, [to provide for reserves,] and
21 to pay costs of issuance. The definitions contained in the Bond Ordinance shall
22 apply to capitalized terms contained herein.
23

24 Certain maturities of the Bonds are subject to optional and/or mandatory
25 redemption prior to their scheduled maturities.
26

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

34 The pledge of Gross Revenues and moneys in the Water Fund contained
35 herein and in the Bond Ordinance may be discharged by making provision, at any
36 time, for the payment of the principal of and interest on this bond in the manner
37 provided in the Trust Agreement.
38

39 The amounts so pledged to be paid out of said Water Fund into the Bond
40 Fund are hereby declared to be a lien and charge upon the money in the Water
41 Fund and Gross Revenues superior to all other charges of any kind or nature
42 except Operating Expenses (specifically excluding Municipal Utility Service
43 Assessments and successor payments in lieu of property taxes), [and subordinate
44 to the lien and charge thereon for amounts pledged to the payment of the Senior
45 Lien Water Revenue and Refunding Bonds, 1998, and] equal in lien to the
46 Subordinate Lien Water Revenue and Refunding Bonds, 1999, the Water

1 Revenue and Refunding Bonds, 2004 and the Water Revenue and Refunding
2 Bonds, 2007 and any revenue bonds of the Municipality issued in the future on a
3 parity therewith and herewith.
4

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

10 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has
11 caused this Bond to be executed with the manual or facsimile signature of its
12 Mayor or Municipal Manager and to be attested with the manual or facsimile
13 signature of the Clerk or Deputy Clerk and the official seal of the Municipality to be
14 impressed, imprinted or otherwise reproduced hereon, this ____ day of
15 _____, 2009.
16

17 MUNICIPALITY OF ANCHORAGE,
18 ALASKA
19

20
21 By /s/ manual or facsimile signature
22 Mayor/Municipal Manager
23

24 Attested:

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

28 (Form of Certificate of Authentication)
29

30 Date of Authentication:
31

32 This Bond is one of the Municipality of Anchorage, Alaska, Water Revenue
33 Refunding Bonds, 2009, described in and issued pursuant to the within mentioned
34 Bond Ordinance.
35

36 _____,
37 as Registrar
38

39 By _____
40 Authorized Signer
41
42

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

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

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

16 (a) *Designation of Refunded Bonds.* As outlined in Exhibit A, certain
17 principal maturities of the 1998 Bonds, the 1999 Bonds, the 2004
18 Bonds and the 2007 Bonds may be called for redemption prior to
19 their scheduled maturities. All or some of these bonds may be
20 refunded and refinanced with the proceeds of the Bonds authorized
21 by this ordinance ("Refunding Candidates"). The Chief Fiscal Officer
22 may select some or all of the Refunding Candidates and designate

1 those Refunding Candidates as the "Refunded Bonds" in the
2 respective Bond Purchase Contract for the Bonds of each series.

3 (b) *Bond Sale.* The Bonds shall be sold at negotiated sale(s) to the
4 Underwriters. The Chief Fiscal Officer of the Municipality is hereby
5 authorized to negotiate terms for the purchase of the Bonds and
6 execute the Bond Purchase Contract(s) with the Underwriters. The
7 Assembly has been advised by the Underwriters that market
8 conditions, which are particularly critical in maximizing the savings
9 effected by the issuance of the Bonds, are fluctuating and, as a
10 result, the most favorable market conditions may occur on a day
11 other than a regular meeting date of the Assembly. The Assembly
12 has determined that it would be inconvenient to hold a special
13 meeting on short notice and, accordingly, has determined that it
14 would be in the best interest of the Municipality to delegate to the
15 Chief Fiscal Officer for a limited time the authority to approve final
16 principal maturities on the Bonds and interest rates on the Bonds
17 and other terms and conditions. The final interest rates for the
18 Bonds shall be determined by agreement among the Underwriters
19 and the Chief Fiscal Officer and shall be set forth in the Trust
20 Agreement. The Chief Fiscal Officer is hereby authorized to approve
21 the series, the final principal maturities and final maturity amounts of
22 each series of the Bonds, redemption provisions and the final
23 interest rates and yields for the Bonds in the manner provided

1 hereafter. However, no series of Bonds shall be issued unless there
2 is at least a three percent (3%) net present value savings in the
3 Aggregate Debt Service of such Refunded Bonds when compared to
4 the Aggregate Debt Service of the Bonds. In determining the series,
5 maturities, principal amounts, redemption terms and rate or rates of
6 interest of the Bonds, the Chief Fiscal Officer shall, in consultation
7 with the Municipality's financial advisor, take into account those
8 factors which, in her judgment, will result in the lowest net effective
9 interest cost on the Bonds to their maturity, including, but not limited
10 to current financial market conditions and current interest rates for
11 obligations comparable in tenor and quality to the Bonds. The Chief
12 Fiscal Officer is hereby authorized to execute the final form of the
13 Bond Purchase Contract(s). The authority granted to the Chief
14 Fiscal Officer by this Section 7 shall expire in 120 days from the date
15 of approval of this ordinance, and if final interest rates have not been
16 approved by the Chief Fiscal Officer in accordance with the
17 delegated authority of this Section 7 within 120 days, no final Bond
18 terms shall be approved without further advice and consultation of
19 the Assembly at a regular or special meeting.

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

1 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this
2 17th day of November, 2009.

3
4
5
6 By Debbi Ossander
7 Chair of the Assembly

8 ATTEST:

9 
10
11 Municipal Clerk

EXHIBIT A

MUNICIPALITY OF ANCHORAGE OUTSTANDING BONDS AND REFUNDING CANDIDATES

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

Authorizing Ordinance	Bond Designation	Date of Bonds	Original Principal Amount	Principal Amount Outstanding (10/1/09)
AO 98-71	Senior Lien Water Revenue and Refunding Bonds, 1998 ("1998 Bonds")	June 1, 1998	\$28,930,000	\$10,120,000

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

Maturity Years (August 1)	Principal Amounts	Interest Rates
2010	\$ 2,060,000	5.00%
2011	1,870,000	5.00
2012	1,965,000	5.00
2013	2,060,000	5.00
2014	2,165,000	5.00

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

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

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

Authorizing Ordinance	Bond Designation	Date of Bonds	Original Principal Amount	Principal Amount Outstanding (10/1/09)
AO 99-118(S)	Subordinate Lien Water Revenue and Refunding Bonds, 1999 (the "1999 Bonds")	October 15, 1999	\$ 68,515,000	\$ 40,325,000
AO 2004-76	Water Revenue and Refunding Bonds, 2004 (the "2004 Bonds")	June 10, 2004	18,595,000	3,765,000
AO 2007-77	Water Revenue and Refunding Bonds, 2007 (the "2007 Bonds")	July 19, 2007	91,315,000	91,100,000

(collectively, the "Parity Bonds").

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

Maturity Years (September 1)	Principal Amounts	Interest Rates
2010	\$ 1,920,000	5.375%
2011	1,630,000	5.400
2012	2,205,000	5.500
2013	2,325,000	5.625
2014	2,460,000	5.750
2015	2,600,000	5.875
2016	2,750,000	5.875
2017	2,910,000	6.000
2018	3,085,000	6.000
2019	3,270,000	6.000
2024	15,170,000	6.000

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

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

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

Maturity Years (May 1)	Principal Amounts	Interest Rates
2010	\$ 545,000	3.625%
2011	200,000	3.750
2012	570,000	4.000
2013	595,000	4.000
2015	395,000	4.375
2016	410,000	4.500
2017	430,000	4.500
2018	20,000	4.600
2019	25,000	4.700
2020	55,000	4.750
2021	520,000	4.800

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") at a price of 100% of the principal amount thereof to be redeemed, plus accrued interest, if any, to the date fixed for redemption.

The 2007 Bonds issued pursuant to Ordinance No. AO 2007-77 passed on June 12, 2007 and a Trust Agreement between the Municipality and U.S. Bank National Association dated July 19, 2007, (together, the "2007 Bond Ordinance"), mature in principal amounts and bear interest as follows:

<u>Maturity Years (May 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2010	\$ 115,000	4.000%
2011	795,000	4.125
2012	830,000	4.125
2013	860,000	4.250
2014	150,000	4.250
2015	550,000	4.500
2016	570,000	4.500
2017	600,000	5.000
2018	1,055,000	4.250
2019	1,100,000	5.000
2020	1,130,000	4.625
2021	720,000	4.625
2022	1,295,000	4.625
2023	1,360,000	4.750
2024	3,385,000	4.750
2025	3,565,000	4.750
2026	4,015,000	4.750
2027	4,225,000	4.750
2028	5,160,000	4.750
2029	5,410,000	4.750
2030	5,675,000	4.800
2031	5,955,000	4.800
2032	6,245,000	4.800
2037	36,335,000	5.000

The 2007 Bond Ordinance authorizes the defeasance and optional redemption of the 2007 Bonds maturing on or after May 1, 2018, in whole or in part on any date on and after May 1, 2017 (the "2007 Refunding Candidates" and together with the 1998 Refunding Candidates, the 1999 Refunding Candidates and the 2004 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, ALASKA

ORDINANCE No. AO 2009-123

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$63,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. AO 2009-123**

TABLE OF CONTENTS*

	Page
Section 1. Purpose.....	3
Section 2. Definitions.....	3
Section 3. Authorization of Bonds and Purpose of Issuance.....	7
Section 4. Issuance Subject to Compliance With Parity Conditions.....	8
Section 5. Form of Bonds	8
Section 6. Execution of Bonds	11
Section 7. Designation of Refunded Bonds; Sale of Bonds.....	11

* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this ordinance.

MUNICIPALITY OF ANCHORAGE

Summary of Economic Effects -- Anchorage Water and Wastewater Utility

No. A O 2009-123

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$63,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

Sponsor: Mayor
 Preparing Agency: Public Finance & Investments Division
 Others Impacted: Anchorage Water and Wastewater Utility

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)			
	FY09	FY10	FY11	FY12	FY13
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Interest Expense	\$0	(\$875)	(\$514)	(\$491)	(\$469)
4000 Debt Service	\$0	\$0	\$0	\$0	\$0
TOTAL DIRECT COSTS:	\$ -	\$ (875)	\$ (514)	\$ (491)	\$ (469)
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$ -	\$ (875)	\$ (514)	\$ (491)	\$ (469)
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 \$10,397,334 over the life of the refunding bonds using current interest rates as of October 20, 2009. Net present value savings over the life of the refunding bonds is \$4,364,156. The refunding bonds are scheduled to mature in the year 2023.

PRIVATE SECTOR ECONOMIC EFFECTS:

At this time there is no rate impact expected to be associated with this refunding bond issue through 2010. Beginning in 2011, 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 this refunding bond sale, if any.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 620-2009

Meeting Date: November 3, 2009

From: Mayor

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$63,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

The attached ordinance provides for the issuance of not to exceed \$63 million of 2009 Water Revenue Refunding Bonds. The proceeds of the refunding bonds will refund certain outstanding debt obligations of AWWU and are projected to result in future debt service savings of \$10.4 million using market interest rates as of October 20, 2009. The net present value savings of the refunding transaction is \$4.4 million which represents a savings of 8.65% of the refunded bonds.

The Municipal Chief Fiscal Officer is authorized by Section 7 of each of the Ordinance to negotiate terms for the sale of the Bonds and to execute a contract for their sale in the Municipality's best interest. The current financing schedule calls for sale of the bonds to take place in early December 2009.

On November 4, 2009, the AWWU Board of Directors will meet to take action on this proposed refunding. Staff will notify the Assembly of that Board's action at the public hearing for the proposed refunding on November 17, 2009.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ATTACHED ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$63,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

Prepared by: Ross Risvold, Public Finance & Investments Manager
Recommended by: Lucinda Mahoney, CFO
Concurrence: Mark Premo, General Manager, AWWU
Concurrence: George J. Vakalis, Municipal Manager
Respectfully submitted: Daniel A. Sullivan, Mayor

Content ID: 008322**Type:** Ordinance - AO

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS FOR THE ANCHORAGE WATER UTILITY IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$63,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING WATER REVENUE BONDS.

Author: pruittns**Initiating Dept:** Finance**Keywords:** Refund, Bonds, AWU, Water Utility, Revenue Bonds, Refunding Bonds**Date Prepared:** 10/22/09 4:01 PM**Director Name:** Lucinda Mahoney**Assembly Meeting Date:** 11/3/09**Public Hearing Date:** 11/17/09

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	10/23/09 12:08 PM	Exit	Joy Maglaqui	Public	008322
MuniManager_SubWorkflow	10/23/09 12:08 PM	Approve	Joy Maglaqui	Public	008322
Legal_SubWorkflow	10/23/09 11:43 AM	Approve	Dean Gates	Public	008322
OMB_SubWorkflow	10/23/09 11:26 AM	Approve	Cheryl Frasca	Public	008322
Finance_SubWorkflow	10/23/09 9:30 AM	Approve	Lucinda Mahoney	Public	008322
Finance_SubWorkflow	10/22/09 4:36 PM	Checkin	Nina Pruitt	Public	008322
AllOrdinanceWorkflow	10/22/09 4:12 PM	Checkin	Nina Pruitt	Public	008322