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3 See AD 2011-119(S)
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Requested by: Chair of the Assembly at
the Request of the
Anchorage School District
Prepared by: Cynthia M. Weed, Bond
Counsel
K&L Gates LLP
For Reading: December 6, 2011

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11 **MUNICIPALITY OF ANCHORAGE, ALASKA**
12 **ORDINANCE No. 2011-119(S-1)**
13

14 AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED
15 VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE
16 OF NOT TO EXCEED FIFTY-NINE MILLION SEVENTY SEVEN THOUSAND
17 DOLLARS (\$59,077,000) OF GENERAL OBLIGATION BONDS OF THE
18 MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL
19 CAPITAL IMPROVEMENTS, CAREER & TECHNICAL EDUCATION
20 UPGRADES, DESIGN PROJECTS AND DISTRICTWIDE BUILDING LIFE
21 EXTENSION PROJECTS AT THE ELECTION TO BE HELD IN THE
22 MUNICIPALITY ON APRIL 3, 2012.
23

24 **WHEREAS**, the existing educational facilities serving the Municipality of
25 Anchorage, Alaska (the "Municipality") are in need of building systems renewal,
26 replacements, renovations, career and technical education upgrades and
27 undertaking of design projects; and
28

29 **WHEREAS**, the Assembly of the Municipality and School Board have identified
30 necessary renovations, upgrades and improvements to school facilities; and
31

32 **WHEREAS**, in order to provide funds to perform the necessary renovations,
33 upgrades and improvements as further described in Section 1 of this ordinance
34 (the "Projects"), it is deemed necessary and advisable that the Municipality issue
35 and sell its general obligation bonds (the "Bonds"); now, therefore,
36

37 **THE ANCHORAGE ASSEMBLY ORDAINS:**

38 **Section 1. Purpose.** The Assembly hereby determines that the career and
39 technical education facilities and building systems are in need of renewal,
40 replacement, renovation and the undertaking of design projects (the "Projects").
41 Specifically, career and technical facilities at thirteen schools will be upgraded, and
42 renewals, replacements, and renovations of building systems such as roof,
43 lighting, fire alarm, communication, mechanical, and site upgrades will be
44 performed at district facilities. It is also proposed to undertake design projects for
45 the future renovation of Girdwood K-8 and Airport Heights Elementary School, as

1 well as the design and construction of career and technical education
2 improvements for the West High School and Romig Middle School campus].
3

4 The Projects are described in more detail in the Assembly Memorandum
5 accompanying this ordinance. The cost of all necessary planning, acquisition of
6 property for, site preparation, construction, installing and equipping of the Projects,
7 architectural, engineering, design, and other consulting services, inspection and
8 testing, administrative and relocation expenses, costs of issuance of the Bonds
9 (hereinafter defined) and other costs incurred in connection with the Projects shall
10 be deemed to be costs of the approved Projects. The approved Projects may be
11 completed with all necessary equipment and appurtenances.
12

13 The School District shall determine the application of available money as
14 between the various Projects set forth above so as to accomplish, as nearly as
15 may be, all of the Projects described or provided for in this section.
16

17 If the School District shall determine that it has become impractical to
18 accomplish any portion of the approved Projects by reason of changed conditions
19 or needs, incompatible development or costs substantially in excess of those
20 estimated, the School District shall not be required to accomplish such portions
21 and shall apply Bond proceeds as set forth in this section.
22

23 If the approved Projects have been completed in whole or in part, or their
24 completion duly provided for, or their completion found to be impractical, the
25 School District may apply Bond proceeds or any portion thereof to other School
26 District capital improvements as the School Board in its discretion shall determine
27 and, if otherwise, then solely to payment of principal or interest on the Bonds, as
28 provided in the Home Rule Charter. In the event that the proceeds of sale of the
29 Bonds, plus any other money of the School District legally available, are
30 insufficient to accomplish the approved Projects, the School District shall use the
31 available funds for paying the cost of those portions of the approved Projects for
32 which the Bonds were approved deemed by the School Board most necessary
33 and in the best interest of the School Board. No Bond proceeds shall be used for
34 any purpose other than a capital improvement.
35

36 For the purpose of providing funds for the undertaking of the Projects, which
37 are hereby found to be a public purpose and in the public interest, the Municipality
38 hereby proposes to issue general obligation bonded indebtedness in an amount
39 not to exceed **Forty-Five** [Fifty-Nine] Million **Nine Hundred Twelve** [Seventy-
40 Seven] Thousand Dollars (**\$45,912,000** [59,077,000]) (the "Bonds").
41

42 **Section 2. Details of Bonds.** The Bonds shall be sold in such amounts and at
43 such time or times as deemed necessary and advisable by the Assembly and as
44 permitted by law and shall mature over a period of not to exceed 20 years of date
45 of issue. The Bonds shall be issued in an aggregate principal amount of not to
46 exceed **\$45,912,000** [59,077,000]. The Bonds shall bear interest to be fixed at the

1 time of sale or sales thereof. The exact form, terms, conditions, contents, security,
2 options of redemption, and such other matters relating to the issuance and sale of
3 said Bonds as are deemed necessary and advisable by the Assembly shall be as
4 hereinafter determined and/or delegated by ordinance and/or resolution of the
5 Assembly.
6

7 The full faith and credit of the Municipality is pledged for the payment of the
8 principal of and interest on the Bonds, and ad valorem taxes upon all taxable
9 property in the Municipality shall be levied without limitation as to rate or amount to
10 pay the principal and interest on the Bonds when due.
11

12 **Section 3. Ballot Proposition.** The Assembly hereby submits to the qualified
13 electors of the Municipality the proposition of whether or not the Municipality
14 should issue the Bonds for the purpose of financing the costs of the approved
15 Projects at the regular municipal election to be held on April 3, 2012.
16

17 The Clerk shall prepare the ballot proposition to be submitted to the voters
18 as provided by this ordinance and the Municipal Code and shall perform all
19 necessary steps in accordance with law to place this proposition before the voters
20 at the regular election. The proposition must receive a majority vote of those in
21 the Municipality voting on the question to be approved. The proposition shall be
22 substantially in the following form:
23
24

PROPOSITION NO. _____

25 EDUCATIONAL CAPITAL IMPROVEMENTS, CAREER &
26 TECHNICAL EDUCATION UPGRADES, DESIGN PROJECT
27 AND DISTRICTWIDE BUILDING LIFE EXTENSION
28 PROJECT BONDS
29

30 Shall Anchorage borrow up to **\$45,912,000** [~~59,077,000~~]
31 through the issuance of general obligation bonds to pay for
32 educational capital improvements, career and technical facility
33 education upgrades, educational facility building life extension
34 and design projects within Anchorage, as provided in
35 Ordinance No. AO 2011-119(**S-1**)? The Projects currently
36 qualify for a State grant of \$21,000,000 based on \$9,132,000
37 of the issuance, which is not eligible for State debt
38 reimbursement. In addition, the Projects qualify for 70% State
39 debt reimbursement on \$31,205,000 of the issuance and 60%
40 State debt reimbursement on **\$5,075,000** [~~18,240,000~~] of the
41 issuance, and no State debt reimbursement on \$500,000 of
42 the issuance (subject to annual Legislative appropriation as
43 described below.)
44

1 The general obligation bond proceeds will be used to pay
2 costs of planning, design, site preparation, constructing,
3 renovating, installing, acquiring and equipping educational
4 capital improvement projects including, but not limited to,
5 renewals, replacements, and renovations of electrical and
6 mechanical systems, building systems, and sites, undertaking
7 design projects, and performing upgrades at career and
8 technical facilities at thirteen schools. The Projects currently
9 qualify for a State grant of \$21,000,000 based on \$9,132,000
10 of the issuance, which is not eligible for State debt
11 reimbursement. In addition, the Projects qualify for 70% State
12 debt reimbursement on \$31,205,000 of the issuance, 60%
13 State debt reimbursement on **\$5,075,000** [18,240,000] of the
14 issuance and no State debt reimbursement is allowed on
15 \$500,000 of the issuance. If the State chooses to make full
16 reimbursement on the eligible **\$36,280,000** [49,445,000], the
17 annual increase in taxes would be **\$5.21** [6.53] to retire the
18 proposed bonds (based on \$100,000 of 2012 real and
19 personal property value). State reimbursement is subject to
20 annual Legislative appropriation.

21
22 Without State reimbursement for debt service, voter approval
23 of this bond proposition authorizes for each \$100,000 of
24 assessed real and personal property value (based on the
25 estimated 2012 assessed valuation) an annual increase in
26 taxes of approximately **\$11.40** [14.67] to retire the proposed
27 bonds.

28
29 The debt will be paid from real and personal property taxes
30 levied and collected areawide in Anchorage. Anchorage will
31 also pledge its full faith and credit for payment of the debt.

32
33 (No. AO 2011-119(S-1))
34

35 **Section 4.** Submission of Question to Voters. The proposition, both for paper
36 ballots and machine ballots, shall be printed on a ballot which may set forth other
37 general obligation bond propositions, and the following words shall be added as
38 appropriate and next to a square provided for marking the ballot or voting by a
39 machine:

40 PROPOSITION NO. _____ BONDS, YES
41 BONDS, NO

42 **Section 5.** Effective Dates. Section 2 of this ordinance shall become effective
43 only if the proposition described in Section 3 is approved by a majority of the
44 qualified voters voting on the proposition at the regular election held on April 3,

1 2012. The remaining sections of this ordinance shall become effective upon
2 passage and approval by the Assembly.

3
4 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this
5 ___ day of _____, 2011.

6
7
8 By _____
9 Chair of the Assembly

10 ATTEST:
11
12 _____
13 Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Anchorage Schools

AO Number 2011-119(S-1)

Title: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED FIFTY-NINE MILLION SEVENTY SEVEN THOUSAND DOLLARS (\$59,077,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS, CAREER & TECHNICAL EDUCATION UPGRADES, DESIGN PROJECTS AND DISTRICTWIDE BUILDING LIFE EXTENSION PROJECTS AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 3, 2012.

Sponsor: Mayor
 Preparing Agency: Public Finance and Investments Division
 Others Impacted: Anchorage School District

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

Fiscal Year Ending June 30:	FY12	FY13	FY14	FY15	FY16
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 Other Services					
4000 Debt Service	0	3,606*	3,606*	3,606*	3,606*
5000 Capital Outlay					
TOTAL DIRECT COSTS:	0	3,606	3,606	3,606	3,606

ADD: 6000 Charge from Others
 LESS: 7000 Charge to Others

FUNCTION COST:

REVENUES:

CAPITAL:

POSITIONS:

PUBLIC SECTOR ECONOMIC EFFECTS:

Estimated annual debt service of \$3,606,409 assumes bonds are sold as a package @ 4.75% interest, with bond repayments corresponding to the expected life of the assets financed over 20 years. The State of Alaska has agreed to reimburse 54.32% of the bonds (subject to annual appropriation) which would reduce the annual taxpayer debt service to \$1,647,408.

PRIVATE SECTOR ECONOMIC EFFECTS:

Estimated annual debt service of approximately \$3,606,409 equate to an estimated property tax increase of 0.1140 mills or \$11.40 per year on \$100,000 of assessed valuation in the Anchorage Areawide Service Area. Estimated annual debt service payments with the anticipated State of Alaska participation is \$1,647,408 and would equate to an estimated property tax increase of 0.0521 mills or \$5.21 per year on \$100,000 of assessed valuation in the Anchorage Areawide Service Area.

* Subject to market rates and timing

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2011-119(S-1)

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED FIFTY-NINE MILLION SEVENTY SEVEN THOUSAND DOLLARS (\$59,077,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS, CAREER & TECHNICAL EDUCATION UPGRADES, DESIGN PROJECTS AND DISTRICTWIDE BUILDING LIFE EXTENSION PROJECTS AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 3, 2012.

Prepared by

K&L GATES LLP

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2011-119(S-1)**

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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.