

CLERK'S OFFICE

APPROVED

Date: 9-29-11

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

Prepared by: Finance Department
For Reading: September 13, 2011

**MUNICIPALITY OF ANCHORAGE, ALASKA
AR NO. 2011-241**

**A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
AUTHORIZING THE DEFEASANCE OF A PORTION OF ITS LEASE REVENUE
REFUNDING BONDS, CORRECTIONAL FACILITY, SERIES 2005 AND
AUTHORIZING THE CHIEF FISCAL OFFICER TO PREPARE AND IMPLEMENT
A PLAN OF DEFEASANCE FOR SUCH BONDS.**

WHEREAS, pursuant to Ordinance No. AO 2005-33 (the "Bond Ordinance") of the Municipality of Anchorage, Alaska (the "Municipality") and the Trust Agreement, dated as of April 15, 2000 between the Municipality and U.S. Bank National Association (the "Trustee"), as amended by the Trust Agreement Amendment dated as of April 14, 2005 (together, the "Trust Agreement"), the Municipality issued its Lease Revenue Refunding Bonds, Correctional Facility, Series 2005 in the initial principal amount of \$40,835,000 (the "2005 Bonds"), remaining outstanding and maturing as follows:

<u>Maturity Years (February 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2012	\$ 3,300,000	5.000%
2013	3,470,000	5.000
2014	3,655,000	5.000
2015	710,000	4.000
2015	3,130,000	5.000
2016	4,035,000	5.000
2017	160,000	4.000
2017	4,075,000	5.000
2018	4,455,000	5.000
2019	4,685,000	5.000
2020	650,000	4.250
2020	4,275,000	5.000

; and

WHEREAS, the Trust Agreement provides for the defeasance of all or any portion of the 2005 Bonds; and

WHEREAS, the 2005 Bonds are secured by lease payments made by the State of Alaska Department of Administration ("DOA") under an Agreement of Lease dated April 15, 2000 as amended by the Agreement of Lease Amendment dated as of April 1, 2005 (together, the "Agreement of Lease"); and

1
2 **WHEREAS**, the State of Alaska Legislature adopted a capital budget (Chapter 5,
3 Laws of Alaska 2011 (HCS CSSB 46(FIN)) which included at Section 17(a) an
4 appropriation to the State of Alaska Department of Administration ("DOA") of the
5 amount necessary, not to exceed \$25,000,000, to provide for the defeasance of a
6 portion of the 2005 Bonds; and
7

8 **WHEREAS**, DOA has notified the Municipality that it will remit the sum of not to
9 exceed \$23,908,250 (which is \$25,000,000 minus the sum that will be transferred
10 directly by DOA to the Trustee to pay the February 2012 debt service on the
11 Bonds) ("Appropriated Funds") to defease a portion of the 2005 Bonds (the
12 "Defeased Bonds") and to pay costs of defeasance; and
13

14 **WHEREAS**, the Anchorage Assembly deems it advisable and in the best interest
15 of the Municipality to authorize the Chief Fiscal Officer of the Municipality (the
16 "Municipality Representative") to undertake and complete such defeasance; now,
17 therefore,
18

19 **THE ANCHORAGE ASSEMBLY RESOLVES:**
20

21 **Section 1.** The Municipality shall set aside and deposit with the Trustee, acting
22 as escrow agent (the "Escrow Agent"), the Appropriated Funds to defease the
23 2005 Bonds or as much thereof as may be accomplished within the limits of the
24 Appropriated Funds (the "Defeased Bonds") and pay the costs of defeasance.
25 Funds to accomplish the defeasance shall be obtained from the Appropriated
26 Funds. The Assembly of the Municipality hereby authorizes and directs the
27 Municipality Representative to arrange for the defeasance of Defeased Bonds with
28 Appropriated Funds in accordance with the provisions of the Trust Agreement and
29 this resolution. The Municipality Representative, with the assistance of the
30 Municipality's financial advisor and the Escrow Agent, shall arrange for purchase
31 of noncallable direct obligations of the United States of America as provided in the
32 Trust Agreement maturing at such times and in such amounts as shall be
33 necessary for the payment of the principal of, interest on and redemption premium,
34 if any, on Defeased Bonds and to undertake the plan with Appropriated Funds
35 ("Plan of Defeasance").
36

37 Pursuant to the Plan of Defeasance, noncallable direct obligations of the
38 United States of America shall be purchased and held by the Escrow Agent until
39 disbursed to pay the principal of, interest on and redemption premium, if any, on
40 the Defeased Bonds. The Plan of Defeasance may provide for the payment of the
41 Defeased Bonds at the maturity thereof or at redemption prior to maturity, may
42 designate an escrow verification agent to prepare a verification of the sufficiency of
43 the escrowed obligations, may designate an escrow agent to establish and hold
44 the escrow, shall provide for the giving of notice of defeasance and notice of
45 redemption, if appropriate, shall provide for the payment of all rebatable arbitrage,
46 if any, to the federal government with respect to the Defeased Bonds, shall provide

1 for the payment of all costs of executing the Plan of Defeasance such costs to be
2 paid from the escrowed funds on the date of defeasance or within 30 days
3 thereafter.
4

5 The Escrow Agent is hereby authorized and directed to provide for the
6 timely giving of notice of defeasance of the Defeased Bonds in accordance with
7 the applicable provisions of the Trust Agreement and notice of redemption, if any.
8 The Municipality Representative is authorized and requested to provide whatever
9 assistance is necessary to accomplish such Plan of Defeasance and the giving of
10 notice therefor.
11

12 The payment of all fees, compensation and expenses incurred in
13 connection with the Plan of Defeasance shall be paid on or within 30 days of the
14 date of defeasance.
15

16 **Section 2.** This resolution shall take effect upon adoption by the Municipality of
17 Anchorage.
18

19 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this
20 27th day of September, 2011.
21

22
23
24 By Debbie Ossander
25 Chair of the Assembly
26

27 ATTEST:
28

29 Bonnie E. Jones
30
31 Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 483-2011

Meeting Date: September 13, 2011

From: Mayor

Subject: A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE
AUTHORIZING THE DEFEASANCE OF A PORTION OF ITS LEASE
REVENUE REFUNDING BONDS, CORRECTIONAL FACILITY,
SERIES 2005 AND AUTHORIZING THE CHIEF FISCAL OFFICER TO
PREPARE AND IMPLEMENT A PLAN OF DEFEASANCE FOR SUCH
BONDS

In April 2000, the Municipality issued Lease Revenue Bonds for the purpose of constructing the Anchorage Correctional Facility. These Bonds were refinanced by the Municipality with the issuance of Lease Revenue Refunding Bonds in April 2005. The debt service on the Bonds is provided for by lease payments made by the State of Alaska, Department of Administration (DOA) under an Agreement of Lease dated April 15, 2000 and as amended as of April 1, 2005.

In April 2011, the State of Alaska Legislature adopted a capital budget which included an appropriation to the State of Alaska DOA for the purpose of defeasing, or retiring, a portion of the 2005 Lease Revenue Refunding Bonds. Since these Bonds may not be retired prior to February 1, 2015, an escrow account must be established under a Plan of Defeasance for the purpose of defeasing the Bonds to be retired.

The attached resolution authorizes the Chief Fiscal Officer (the "Municipal Representative") to implement the Plan of Defeasance utilizing the funds appropriated by the State of Alaska Legislature for such purposes.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ATTACHED RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE AUTHORIZING THE DEFEASANCE OF A PORTION OF ITS LEASE REVENUE REFUNDING BONDS, CORRECTIONAL FACILITY, SERIES 2005 AND AUTHORIZING THE CHIEF FISCAL OFFICER TO PREPARE AND IMPLEMENT A PLAN OF DEFEASANCE FOR SUCH BONDS.

Prepared by: Ross Risvold, Manager of Public Finance & Investments
Concur: Lucinda Mahoney, CFO
Concur: Dennis A. Wheeler, Municipal Attorney
Concur: George J. Vakalis, Municipal Manager
Respectfully Submitted: Daniel A. Sullivan, Mayor