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MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2019-61

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING AN INTERMEDIATE TERM BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$1,665,000) FOR THE PURPOSE OF PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO MERRILL FIELD; AND REPEALING ORDINANCE NO. AO 2018-27.

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**MUNICIPALITY OF ANCHORAGE  
ORDINANCE No. 2019-61**

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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.

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: April 23, 2019

**MUNICIPALITY OF ANCHORAGE, ALASKA  
ORDINANCE No. 2019-61**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING AN INTERMEDIATE TERM BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$1,665,000) FOR THE PURPOSE OF PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO MERRILL FIELD; AND REPEALING ORDINANCE NO. AO 2018-27.

**WHEREAS**, the Municipality of Anchorage, Alaska (the "Municipality") owns and operates Merrill Field Airport ("Merrill Field"); and

**WHEREAS**, Merrill Field has been undertaking renovations and improvements (hereinafter defined as the "Projects"); and

**WHEREAS**, Merrill Field anticipates receiving Federal Aviation Administration (FAA) administered Airport Improvement Program (AIP) Grants for the Projects for fiscal years 2018 and 2019; and

**WHEREAS**, the Municipality has determined to establish an intermediate term borrowing program to finance the Municipality's required 2018 and 2019 match for the AIP grants, a required reserve and pay related financing expenses; and

**WHEREAS**, it is in the best interest of the Municipality to provide for the required 2018 and 2019 match for the capital improvements to Merrill Field by the execution of documentation for a Intermediate Term Borrowing Program (hereinafter defined as the "ITBP") with an aggregate principal amount of not to exceed One Million Six Hundred Sixty-Five Thousand Dollars (\$1,665,000); and

**WHEREAS**, it is necessary to establish the terms of the ITBP by ordinance; now, therefore,

**THE ANCHORAGE ASSEMBLY ORDAINS:**

**Section 1. Purpose.** The purpose of this ordinance is to approve and provide for the execution of a program of intermediate term borrowing (not to exceed fifteen years) with Key Government Finance, Inc., in the form of a loan agreement

1 or revenue notes having a lien on the gross revenues of Merrill Field in the  
2 aggregate principal amount not to exceed One Million Six Hundred Sixty-Five  
3 Thousand Dollars (\$1,665,000) to provide moneys for the matching funds for 2018  
4 and 2019 AIP grants for the improvements to Merrill Field, for the establishment of  
5 a required reserve and payment of costs of issuance (“ITBP”).  
6

7 **Section 2. Definitions.** As used in this ordinance, unless a different meaning  
8 clearly appears from the context:  
9

10 **Agreement** mean the loan agreement evidencing the Municipality’s  
11 obligations with respect to the ITBP.  
12

13 **Assembly** means the general legislative authority of the Municipality, as  
14 the same may be constituted from time to time.  
15

16 **Charter** means the Anchorage Municipal Charter as the same may be  
17 amended from time to time.  
18

19 **Chief Fiscal Officer** means the chief fiscal officer of the Municipality  
20 appointed and confirmed pursuant to Section 5.05 of the Charter.  
21

22 **Debt Obligations** means Note or Notes, bond or bonds or any other debt  
23 obligations issued hereunder.  
24

25 **Gross Revenue** means all income and revenue, including unencumbered  
26 grants, derived by or for the account of the Municipality from the ownership,  
27 control, use, and operation, and leasing of Merrill Field from time to time  
28 from any source whatsoever including federal grants, except:  
29

- 30 (a) the proceeds of any borrowing by the Municipality for the  
31 benefit of Merrill Field and the earnings thereon (other than  
32 earnings on proceeds deposited in reserve funds);  
33  
34 (b) payments made under credit facilities issued to pay or secure  
35 the payment of a particular series of debt obligations;  
36  
37 (c) proceeds of insurance or condemnation proceeds other than  
38 business interruption insurance;  
39

40 **Intermediate Term Borrowing Program** or **ITBP** has the meaning given  
41 such term in Section 1 of this ordinance.  
42

43 **Lender** means, initially, Key Government Finance, Inc.  
44

45 **Merrill Field** means the existing Merrill Field Airport properties and facilities  
46 operated by the Municipality, as the same may be added to, improved and

1 extended by the Municipality for as long as the Merrill Field Revenue  
2 Obligations are outstanding and which contribute in some measure to  
3 Gross Revenue.

4  
5 ***Merrill Field Operating Fund*** means the special fund of that name  
6 maintained by the Municipality.

7  
8 ***Merrill Field Revenue Obligations*** means the ITBP and shall include any  
9 future debt obligations payable from Gross Revenue.

10  
11 ***Merrill Field Revenue Debt Service Fund*** means the special fund  
12 designated as the “Municipality of Anchorage Merrill Field Revenue Debt  
13 Service Fund.”

14  
15 ***Municipality*** means Anchorage, Alaska, a municipal corporation organized  
16 and existing under the Constitution and laws of the State of Alaska.

17  
18 ***Note*** means the Municipality’s Merrill Field Revenue Note, 2019, if  
19 requested by the Lender to evidence the obligations of the Municipality  
20 under the Agreement.

21  
22 ***Projects*** mean the capital improvements made to Merrill Field, as approved  
23 in Section 3 of this ordinance.

24  
25 ***Registrar*** means the financial institution, if any, selected by the Chief Fiscal  
26 Officer to perform the duties of the authenticating agent, paying agent and  
27 registrar under this ordinance and a Registrar Agreement.

28  
29 ***Registrar Agreement*** means each agreement(s), whether designated as  
30 an issuing and paying agent agreement, trust agreement, loan agreement  
31 or otherwise, between the Municipality and the Registrar, with respect to  
32 each series of debt obligations.

33  
34 The definitions in this Section 2 may be added to and/or modified in the  
35 Agreement, in a manner consistent with the terms of this ordinance and as  
36 approved by the Chief Fiscal Officer.

37  
38 ***Interpretation.*** Notwithstanding the foregoing definitions, the Chief Fiscal Officer  
39 may maintain such separate funds and accounts in such names and under such  
40 additional designations as shall be required or advisable to comply with the  
41 accounting standards and conventions followed by the Municipality. The use of  
42 the term “Fund” is intended to meet legal requirements and is not intended to be  
43 defined as prescribed by generally accepted accounting principles.

44  
45 **Section 3. Authorization of Intermediate Term Borrowing Program.** The  
46 Municipality hereby authorizes borrowing not to exceed One Million Six Hundred

1 Sixty-Five Thousand Dollars (\$1,665,000) to be evidenced by a note and/or a loan  
2 agreement (“Agreement”) (the “ITBP”). The terms of the ITBP shall be set forth in  
3 more detail in the Agreement and/or Note. At his or her option, the Chief Fiscal  
4 Officer may select a banking institution (the “Registrar”) to act as paying agent and  
5 authenticating agent.  
6

7 The term of the ITBP shall be no longer than fifteen years from the date of  
8 execution of the initial Agreement or Registrar Agreement. The Chief Fiscal  
9 Officer is hereby authorized initially to negotiate the terms of the ITBP and the  
10 Agreement with Key Government Finance, Inc., as the Lender, and the ITBP shall  
11 be subject to the terms approved by the Chief Fiscal Officer and set forth in the  
12 Agreement and as may be further reflected in a Registrar Agreement.  
13

14 The proceeds of the ITBP shall be used to finance or to reimburse the  
15 Municipality for the costs of the 2018 and 2019 matching funds for the Federal  
16 Aviation Administration (FAA) administered Airport Improvement Program (AIP)  
17 Grants for the renovations and improvements to Merrill Field (the “Projects”), to  
18 establish a required reserve and to pay related financing expenses, including the  
19 funding of a debt service reserve fund.  
20

21 The aggregate principal amount to be borrowed and outstanding under this  
22 ordinance shall not exceed One Million Six Hundred Sixty-Five Thousand Dollars  
23 (\$1,665,000).  
24

25 The Municipality hereby irrevocably obligates and binds itself for as long as  
26 Merrill Field Revenue Obligations remain outstanding to set aside and pay into the  
27 Merrill Field Revenue Debt Service Fund from Gross Revenue or money in the  
28 Merrill Field Operating Fund, on or prior to the respective dates the same become  
29 due (and if such payment is made on the due date, such payment shall be made in  
30 immediately available funds):  
31

- 32 (1) Such amounts as are required to pay the interest scheduled to  
33 become due on the Merrill Field Revenue Obligations; and  
34
- 35 (2) Such amounts as are required to pay maturing principal of the Merrill  
36 Field Revenue Obligations.  
37

38 The Merrill Field Revenue Obligations and the liens thereof created and  
39 established hereunder shall be obligations only of the Merrill Field Revenue Debt  
40 Service Fund authorized to be created and the required reserves maintained  
41 under the Agreement. Merrill Field Revenue Obligations shall be payable solely  
42 from and secured solely by Gross Revenue and the reserve amounts established  
43 to secure the repayment of the Merrill Field Revenue Obligations.  
44

45 From and after the time of issuance and delivery of the Agreement and/or  
46 the Note, the Municipality hereby irrevocably obligates and binds itself to set aside

1 and pay into the Merrill Field Revenue Debt Service Fund out of Gross Revenue,  
2 on or prior to the date on which the interest on and principal due with respect to  
3 the Agreement and/or the Note shall become due, the amount necessary to pay  
4 such principal and interest.

5  
6 Said amounts so pledged to be paid into the Merrill Field Revenue Debt  
7 Service Fund are hereby declared to be a prior lien and charge upon the Gross  
8 Revenue subject to the terms of the Agreement. The Agreement may include  
9 terms, modifications and provisions in addition to those set forth in this ordinance  
10 and also may provide for the terms and conditions under which additional Merrill  
11 Field Revenue Obligations may be issued in the future.

12  
13 The ITBP and the Agreement and/or Note evidencing the obligations  
14 thereunder shall not in any manner or to any extent constitute general obligations  
15 of the Municipality or of the State of Alaska, or of any political subdivision of the  
16 State of Alaska, and no tax revenues of the Municipality may be used to pay the  
17 principal of and interest with respect to the ITBP and the Agreement and/or Note  
18 evidencing the obligations thereunder.

19  
20 **Section 4. Form of Note.** If the ITBP will be evidenced by a Note in addition to  
21 the Agreement, it shall be in substantially the following form with such additions  
22 and modifications as shall be appropriate to reflect the final negotiated terms.

23  
24 UNITED STATES OF AMERICA  
25 No. \_\_\_\_\_ [\$1,665,000]  
26 STATE OF ALASKA  
27 MUNICIPALITY OF ANCHORAGE, ALASKA  
28 MERRILL FIELD REVENUE NOTE, 2019  
29

30  
31 MATURITY DATE: Not later than \_\_\_\_\_

32  
33 REGISTERED OWNER:

34  
35 INTEREST RATE:

36  
37 PRINCIPAL AMOUNT: [ONE MILLION SIX HUNDRED SIXTY-FIVE  
38 THOUSAND DOLLARS (\$1,665,000)]  
39

40 Anchorage, Alaska (the "Municipality"), a municipal corporation of the State  
41 of Alaska, hereby acknowledges itself to owe and for value received promises to  
42 pay to the Registered Owner identified above, or its registered assigns, solely out  
43 of the special fund of the Municipality known as the "Municipality of Anchorage  
44 Merrill Field Revenue Debt Service Fund" (the "Debt Service Fund") created by the  
45 hereinafter defined Ordinance and maintained pursuant to the \_\_\_\_\_ Agreement  
46 on the Maturity Date identified above, the Principal Amount indicated above or so

1 much thereof as shall have been advanced hereunder and remain outstanding and  
2 to pay interest thereon, at the Interest Rate. The Interest Rate on this Note may  
3 be adjusted at the times and as provided in the hereinafter defined \_\_\_\_\_  
4 Agreement. [\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_] has been  
5 appointed as the Registrar (authentication agent, paying agent and registrar) for  
6 the notes or other debt obligations of this issue (the "Registrar"). Capitalized  
7 terms used in this Note have the meanings given such terms in the [\_\_\_\_\_]   
8 Agreement between the Municipality and the Registered Owner dated  
9 \_\_\_\_\_, 20\_\_ (the "\_\_\_\_\_ Agreement"). Interest on this Note shall  
10 accrue on the basis of a year of 360 days and twelve 30-day months as provided  
11 in the \_\_\_\_\_ Agreement. Principal of this Note shall be amortized [as  
12 provided in [Schedule A to this Note][the \_\_\_\_\_ Agreement.] The terms of  
13 the \_\_\_\_\_ Agreement are hereby incorporated by reference in this Note.  
14

15 This Note is issued pursuant to the Constitution and statutes of the State of  
16 Alaska and the Home Rule Charter and duly adopted ordinances and resolutions  
17 of the Municipality, including particularly, Ordinance No. AO 2019-\_\_ of the  
18 Municipality (the "Ordinance") and the \_\_\_\_\_ Agreement for the purpose  
19 of providing matching funds for future improvements or Projects of Merrill Field, for  
20 a required reserve and the payment of costs of issuance. The definitions  
21 contained in the Ordinance and the \_\_\_\_\_ Agreement shall apply to  
22 capitalized terms contained herein.  
23

24 This Note is prepayable as provided in the \_\_\_\_\_ Agreement.  
25

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

34 The pledge of Gross Revenues and moneys in the Merrill Field Operating  
35 Fund contained herein and in the Ordinance and the \_\_\_\_\_ Agreement  
36 may be discharged by making provision, at any time, for the payment of the  
37 principal of and interest on this Note in the manner provided in the \_\_\_\_\_  
38 Agreement.  
39

40 The amounts so pledged to be paid out of said Merrill Field Operating Fund  
41 into the Debt Service Fund are hereby declared to be a prior lien and charge upon  
42 the money in the Merrill Field Operating Fund and Gross Revenues [subject to the  
43 following terms \_\_\_\_\_].  
44

45 It is hereby certified that all acts, conditions and things required by the  
46 Constitution and statutes of the State of Alaska and the Home Rule Charter,



1 resolutions and ordinances of the Municipality to be done precedent to and in the  
2 issuance of this Note have happened, been done and performed.

3  
4 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has  
5 caused this Note to be executed with the manual or facsimile signature of its  
6 Mayor or Municipal Manager and to be attested with the manual or facsimile  
7 signature of the Chief Fiscal Officer and the official seal of the Municipality to be  
8 impressed, imprinted or otherwise reproduced hereon, this \_\_\_\_ day of  
9 \_\_\_\_\_, 20\_\_.

10  
11 MUNICIPALITY OF ANCHORAGE,  
12 ALASKA

13  
14  
15 By /s/ manual or facsimile signature  
16 Mayor/Municipal Manager

17 Attested:

18  
19 /s/manual or facsimile signature  
20 Chief Fiscal Officer

21  
22 (Form of Certificate of Authentication)

23  
24 Date of Authentication:

25  
26 This Note is the Municipality of Anchorage, Alaska, Merrill Field Revenue  
27 Note, 2019, described in and issued pursuant to the within mentioned Ordinance.

28  
29 \_\_\_\_\_,  
30 as Registrar

31  
32 By \_\_\_\_\_  
33 Authorized Signer

34  
35 **Section 5. Authorization of Documents.** In order to implement the ITBP, the  
36 Chief Fiscal Officer is hereby authorized and delegated the authority to negotiate  
37 the final terms of the Agreement and/or Note with the Lender and to negotiate the  
38 final terms of a Registrar Agreement, if any, to effectuate the ITBP. The Lender  
39 and the Registrar, if any, may be replaced during the ITBP at the option of the  
40 Chief Fiscal Officer.

41  
42 **Section 6. Expiration.** If the ITBP authorized by this ordinance is not  
43 established by December 31, 2020, the authorization to establish the ITBP by this  
44 ordinance shall expire on December 31, 2020.

45

1 **Section 7.** Repeal of Ordinance No. AO 2018-27. Ordinance No. AO 2018-27  
2 is hereby repealed and rescinded in its entirety and replaced with this ordinance.  
3

4 **Section 8.** Effective Date. This ordinance shall be effective immediately upon  
5 passage and approval by the Assembly.  
6

7 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this  
8 \_\_\_\_ day of \_\_\_\_\_, 2019.  
9

10  
11  
12  
13 \_\_\_\_\_  
Chair

14 ATTEST:

15  
16 \_\_\_\_\_  
17 Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 318 -2019

Meeting Date: April 23, 2019

1 **From:** MAYOR

2  
3 **Subject:** AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,  
4 ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING  
5 AN INTERMEDIATE TERM BORROWING PROGRAM FOR THE  
6 MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF  
7 NOT TO EXCEED ONE MILLION SIX HUNDRED SIXTY-FIVE  
8 THOUSAND DOLLARS (\$1,665,000) FOR THE PURPOSE OF  
9 PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO  
10 MERRILL FIELD; AND REPEALING ORDINANCE  
11 NO. AO 2018-27.  
12

13 Merrill Field Airport received two Federal Aviation Administration (FAA)  
14 administered Airport Improvement Program (AIP) Grants totaling \$13,008,000 in  
15 fiscal year 2018 beyond what was approved in the original Merrill Field 2018  
16 Capital Improvement Budget. Merrill Field anticipates receiving one or more  
17 additional FAA Grants totaling \$9,151,875 in fiscal year 2019 beyond what was  
18 approved in the original Merrill Field 2019 Capital Improvement Budget.  
19

20 The Municipality of Anchorage's required match for the 2018 grants was between  
21 5% and 6.25% of the AIP Grant amount and for the 2019 anticipated grants the  
22 required match is 6.25% of the AIP Grant amount. The total required matching  
23 funds and funds for the related financing expenses for the 2018 and 2019 AIP  
24 Grants are anticipated not to exceed \$1,665,000.  
25

26 The attached ordinance authorizes a revenue-based Intermediate Term  
27 Borrowing Program (ITBP). Financing the required matching funds and funds for  
28 the related financing expenses is delegated to the Chief Fiscal Officer (CFO).  
29 The determination of ITBP terms and conditions are also delegated to the CFO.  
30 A public hearing on May 7, 2019 is recommended by staff. As a result of the  
31 consolidation of the borrowing programs for the 2018 and 2019 AIP Grant  
32 matching funds, the authorization for the 2018 borrowing program established by  
33 Ordinance No. AO 2018-27 should be repealed.  
34

### 35 **THE ADMINISTRATION RECOMMENDS APPROVAL.**

36  
37 Prepared by: Ross Risvold, Public Finance & Investments Manager  
38 Approved by: Alexander Slivka, CFO  
39 Concur: Lance Wilber, Director, Office of Management & Budget  
40 Concur: Deitra Ennis, Acting Municipal Attorney  
41 Concur: William D. Falsey, Municipal Manager  
42 Respectfully submitted: Ethan A. Berkowitz, Mayor

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects - Utilities**

AO Number: 2019-61      Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR, AUTHORIZING AND APPROVING AN INTERMEDIATE TERM BORROWING PROGRAM FOR THE MUNICIPALITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$1,665,000) FOR THE PURPOSE OF PROVIDING FUNDS FOR CAPITAL IMPROVEMENTS TO MERRILL FIELD; AND REPEALING ORDINANCE NO. AO 2018-27.

Sponsor: Mayor  
 Preparing Agency: Finance, Public Finance and Investments Division  
 Others Impacted: Merrill Field Airport

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**CHANGES IN REVENUES AND EXPENSES:** (In Thousands of Dollars)

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	FY19	FY20	FY21	FY22	FY23
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Operating Revenues

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TOTAL OPERATING REVENUES:

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Operating Expenses

4000 Debt Service	-0-	152	152	152	152
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TOTAL OPERATING EXPENSES:	-0-	152	152	152	152
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Non-Operating Revenues

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TOTAL NON-OPERATING REVENUES:

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Non-Operating Expenses

---

TOTAL NON-OPERATING EXPENSES:

---

NET INCOME (REGULATED):

---

POSITIONS FT/PT and Temp:

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**NOTES:**

**PUBLIC SECTOR ECONOMIC EFFECTS:**

The debt service is calculated assuming use of an intermediate term loan of \$1,665,000 with a fixed interest rate of 4.25% for 15 years.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

Merrill Field is used by the private sector's private pilots and commercial airline operators. The proposed capital improvements will enhance the aviation facilities for the users of Merrill Field, as well as create construction opportunities in the Anchorage bowl.