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5 CLERK'S OFFICE
6 **APPROVED**

7 Date: 2-7-11
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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: February 1, 2011

10
11 **MUNICIPALITY OF ANCHORAGE, ALASKA**
12 **ORDINANCE No. 2011-8(S)**
13

14 AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED
15 VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF
16 NOT TO EXCEED SIXTEEN MILLION EIGHT HUNDRED SIXTY-FIVE
17 THOUSAND DOLLARS (\$16,865,000) OF GENERAL OBLIGATION BONDS OF
18 THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF
19 EDUCATIONAL CAPITAL IMPROVEMENTS AND FACILITY BUILDING LIFE
20 EXTENSION AND DESIGN PROJECTS AT THE ELECTION TO BE HELD IN
21 THE MUNICIPALITY ON APRIL 5, 2011.

22
23 **WHEREAS**, the existing school facilities serving the Municipality of Anchorage,
24 Alaska (the "Municipality") are in need of building systems renewal, replacements,
25 renovations and undertaking of design projects; and

26
27 **WHEREAS**, the Assembly of the Municipality and School Board have identified
28 necessary renovations, upgrades and improvements to school facilities; and

29
30 **WHEREAS**, in order to provide funds to perform the necessary renovations,
31 upgrades and improvements as further described in Section 1 of this ordinance
32 (the "Projects"), it is deemed necessary and advisable that the Municipality issue
33 and sell its general obligation bonds (the "Bonds"); now, therefore,

34
35 **THE ANCHORAGE ASSEMBLY ORDAINS:**

36 **Section 1. Purpose.** The Assembly hereby determines that the Building
37 Systems are in need of renewal, replacement, renovation and the undertaking of
38 design projects (the "Projects"). Specifically, it is proposed to perform renewals,
39 replacements, and renovations of building systems such as roof, lighting, fire
40 alarm, communication, mechanical, and site upgrades at district facilities. It is also
41 proposed to undertake design projects for the future renovation of Girdwood K-8
42 and Airport Heights, Gladys Wood and Inlet View Elementary Schools, as well as
43 the design of career, technical and vocational education improvements for the
44 West/Romig campus.
45

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

9
10 The School District shall determine the application of available money as
11 between the various Projects set forth above so as to accomplish, as nearly as
12 may be, all of the Projects described or provided for in this section.

13
14 If the School District shall determine that it has become impractical to
15 accomplish any portion of the approved Projects by reason of changed conditions
16 or needs, incompatible development or costs substantially in excess of those
17 estimated, the School District shall not be required to accomplish such portions
18 and shall apply Bond proceeds as set forth in this section.

19
20 If the approved Projects have been completed in whole or in part, or their
21 completion duly provided for, or their completion found to be impractical, the
22 School District may apply Bond proceeds or any portion thereof to other School
23 District capital improvements as the School Board in its discretion shall determine
24 and, if otherwise, then solely to payment of principal or interest on the Bonds, as
25 provided in the Home Rule Charter. In the event that the proceeds of sale of the
26 Bonds, plus any other money of the School District legally available, are
27 insufficient to accomplish the approved Projects, the School District shall use the
28 available funds for paying the cost of those portions of the approved Projects for
29 which the Bonds were approved deemed by the School Board most necessary
30 and in the best interest of the School Board. No Bond proceeds shall be used for
31 any purpose other than a capital improvement.

32
33 For the purpose of providing funds for the undertaking of the Projects, which
34 are hereby found to be a public purpose and in the public interest, the Municipality
35 hereby proposes to issue general obligation bonded indebtedness in an amount
36 not to exceed Sixteen Million Eight Hundred Sixty-five Thousand Dollars
37 (\$16,865,000) (the "Bonds").

38
39 **Section 2. Details of Bonds.** The Bonds shall be sold in such amounts and at
40 such time or times as deemed necessary and advisable by the Assembly and as
41 permitted by law and shall mature over a period of 20 years of date of issue. The
42 Bonds shall be issued in an aggregate principal amount of not to exceed
43 \$16,865,000. The Bonds shall bear interest to be fixed at the time of sale or sales
44 thereof. The exact form, terms, conditions, contents, security, options of
45 redemption, and such other matters relating to the issuance and sale of said
46 Bonds as are deemed necessary and advisable by the Assembly shall be as

1 hereinafter determined and/or delegated by ordinance and/or resolution of the
2 Assembly.

3
4 The full faith and credit of the Municipality is pledged for the payment of the
5 principal of and interest on the Bonds, and ad valorem taxes upon all taxable
6 property in the Municipality shall be levied without limitation as to rate or amount to
7 pay the principal and interest on the Bonds when due.

8
9 **Section 3. Ballot Proposition.** The Assembly hereby submits to the qualified
10 electors of the Municipality the proposition of whether or not the Municipality
11 should issue the Bonds for the purpose of financing the costs of the approved
12 Projects at the regular municipal election to be held on April 5, 2011.

13
14 The Clerk shall prepare the ballot proposition to be submitted to the voters
15 as provided by this ordinance and the Municipal Code and shall perform all
16 necessary steps in accordance with law to place this proposition before the voters
17 at the regular election. The proposition must receive a majority vote of those in
18 the Municipality voting on the question to be approved. The proposition shall be
19 substantially in the following form:

20
21 PROPOSITION NO. _____

22 EDUCATIONAL CAPITAL IMPROVEMENTS AND FACILITY
23 BUILDING LIFE EXTENSION AND DESIGN PROJECT
24 BONDS

25
26 Shall Anchorage borrow up to \$16,865,000 through the
27 issuance of general obligation bonds to pay for educational
28 facility building life extension and design projects and other
29 educational capital improvements within Anchorage, as
30 provided in Ordinance No. AO 2011-8(S)? The Projects
31 currently qualify for 70% State debt reimbursement on
32 \$11,225,000 of the issuance and 60% State debt
33 reimbursement on \$5,100,000 of the issuance, and no State
34 debt reimbursement on \$540,000 of the issuance (subject to
35 annual Legislative appropriation as described below.)

36
37 The general obligation bond proceeds will be used to pay
38 costs of planning, design, site preparation, constructing,
39 renovating, installing, acquiring and equipping educational
40 capital improvement projects including, but not limited to,
41 renewals, replacements, and renovations of electrical and
42 mechanical systems, building systems, and sites.

43
44 The general obligation bond proceeds will also be used to pay
45 costs of undertaking design projects for the future renovation

1 of Girdwood K-8 and Airport Heights, Gladys Wood and Inlet
2 View Elementary Schools, as well as the design of career,
3 technical and vocational education improvements for the
4 West/Romig campus. The Projects currently qualify for 70%
5 State debt reimbursement on \$11,225,000 of the issuance,
6 60% State debt reimbursement on \$5,100,000 of the issuance
7 and no State debt reimbursement is allowed on \$540,000 of
8 the issuance. If the State chooses to make full
9 reimbursement on the eligible \$16,325,000, the annual
10 increase in taxes would be \$1.52 to retire the proposed bonds
11 (based on \$100,000 of 2011 real and personal property
12 value). State reimbursement is subject to annual Legislative
13 appropriation.
14

15 Without State reimbursement for debt service, voter approval
16 of this bond proposition authorizes for each \$100,000 of
17 assessed real and personal property value (based on the
18 estimated 2011 assessed valuation) an annual increase in
19 taxes of approximately \$4.30 to retire the proposed bonds.
20

21 The debt will be paid from real and personal property taxes
22 levied and collected areawide in Anchorage. Anchorage will
23 also pledge its full faith and credit for payment of the debt.
24

25 (No. AO 2011-8(S))
26


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

32 PROPOSITION NO. _____ BONDS, YES
33 BONDS, NO

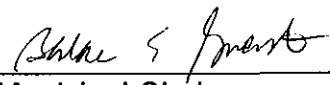
34 **Section 5.** Effective Dates. Section 2 of this ordinance shall become effective
35 only if the proposition described in Section 3 is approved by a majority of the
36 qualified voters voting on the proposition at the regular election held on April 5,
37 2011. The remaining sections of this ordinance shall become effective upon
38 passage and approval by the Assembly.
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PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this
1st day of February, 2011.

By 
Chair of the Assembly

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2011-8(S)

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED SIXTEEN MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$16,865,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS AND FACILITY BUILDING LIFE EXTENSION AND DESIGN PROJECTS AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 5, 2011.

Prepared by

K&L GATES LLP

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2011-8(S)**

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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 - General Government

AO Number: 2011-8(S) Title: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED SIXTEEN MILLION EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$16,865,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS AND FACILITY BUILDING LIFE EXTENSION AND DESIGN PROJECTS AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 5, 2011.

Sponsor: Mayor
 Preparing Agency: Anchorage School District
 Others Impacted: None

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

	FY11	FY12	FY13	FY14	FY15
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 Other Services					
4000 Debt Service		1,353	1,353	1,353	1,353
5000 Capital Outlay					
TOTAL DIRECT COSTS:		1,353	1,353	1,353	1,353

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

FUNCTION COST:

REVENUES:

CAPITAL:

POSITIONS: FT/PT and Temp.

PUBLIC SECTOR ECONOMIC EFFECTS:

Estimated annual debt service of \$1,353,291 assumes bonds are sold as a package @ 5.0% interest, with bond repayments corresponding to the expected life of the assets financed over 20 years. The State of Alaska has agreed to reimburse 60% of \$ 5,100,000 of the bonds and 70% of \$11,225,000 on the bond debt service (subject to annual appropriation) which would reduce the annual taxpayer debt service to \$477,243.

PRIVATE SECTOR ECONOMIC EFFECTS:

Estimated annual debt service payments of approximately \$1,353,291 equate to an estimated property tax increase of .0430 mills or \$4.30 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 \$434,212 and would equate to an estimated property tax increase of .0152 mills or \$1.52 per year on \$100,000 of assessed valuation in the Anchorage Areawide Service Area.

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 36-2011(A)

Meeting Date: February 1, 2011

From: ANCHORAGE SCHOOL DISTRICT

Subject:	AO 2011-7	Three Ballot Propositions to Provide
	AO 2011-8(S)	for the Issuance of General
	AO 2011-9(S)	Obligation Bonds for Educational
		Capital Improvements

AM 36-2011 was introduced at the January 18, 2011 Assembly meeting. The subject of the memorandum was the issuance of general obligation bonds in support of educational capital improvement (AO 2011-7, AO 2011-8, and AO 2011-9). The Memorandum, and associated Ordinances, discussed the possibility of receiving debt reimbursement from the State. After the Memorandum and Ordinances were prepared, the District received approval from the State for debt reimbursement on these bond packages. AM 36-2011(A), AO 2011-8(S) and AO 2011-9(S) address the State's approval of this debt reimbursement and the impact of this reimbursement on annual taxes required to support the bonds, as well as provides clarification of the majority of projects that are included in AO 2011-8(S) as follows:

Proposition I: Service High School Renewal

The Department of Education and Early Education (DEED) has indicated that \$28,000,000 of bonds are approved for 60 percent State debt reimbursement. If the State chooses to make full reimbursement, the annual increase in taxes would be \$5.19 to retire the proposed bonds (based on \$100,000 of estimated 2010 assessed real and personal property value). State reimbursement is subject to annual Legislative appropriation.

Proposition II: Design Projects, Education Capital Improvements and Facility Building Life Extension Projects

Pursuant to their letter dated January 26, 2011 (Attachment A) DEED has indicated that \$5,100,000 of the bonds are approved for 60 percent State debt reimbursement, \$11,225,000 are approved for 70 percent debt reimbursement and \$540,000 was deemed not eligible for debt reimbursement. This results in an effective reimbursement percentage of 64.73 percent. If the State chooses to make full reimbursement on the \$16,365,000 of eligible projects, the annual increase in taxes would be \$1.52 to retire the proposed bonds (based on \$100,000 of estimated 2010 assessed real and personal property value). State reimbursement is subject to annual Legislative appropriation.

The descriptions of the projects in AO 2011-8(S) have been modified to include a more detailed listing of the Building Life Extension projects; in addition the State reimbursement amounts have been updated to reflect the changes made by DEED with regard to the District's debt reimbursement application as indicated above.

1 **Proposition III: Career, Technical and Vocational Facility Education Upgrades**

2
3 Pursuant to their letter dated January 26, 2011 DEED has indicated that the entire
4 \$17,000,000 of bonds are approved for 70 percent debt reimbursement. If the State chooses
5 to make full reimbursement, the annual increase in taxes would be \$1.30 to retire the
6 proposed bonds (based on \$100,000 of estimated 2010 assessed real and personal property
7 value). State reimbursement is subject to annual Legislative appropriation. AO 2011-9(S)
8 has been modified to reflect the DEED change in reimbursement percentage from 60 to 70
9 percent.

10
11 The information that has been provided in this memorandum should assist the Assembly in
12 making decisions regarding placing the recommended bond propositions on the ballot for the
13 April 5, 2011 Municipal Election.

14
15 Respectfully submitted,

16
17
18 Carol Comeau
19 Superintendent

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

Department of Education & Early Development
Division of School Finance

Goldbelt Place
801 West 10th Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
Telephone: (907) 465-6906
Fax: (907) 463-5279
E-mail: sam.kito@alaska.gov

January 26, 2011

Carol Comeau, Superintendent
Anchorage School District
5530 E. Northern Lights Blvd
Anchorage, AK 99504

Re: District Wide Design Projects Project debt approval
District Wide Building Life Extension Projects Project debt approval
Career and Vocational Education Upgrades Project debt approval

Dear Ms. Comeau:

This responds to your submittal of capital improvement project (CIP) applications, dated January 17, 2011, requesting debt reimbursement approval for the above referenced projects under SB237. Following an authorization by the legislature for debt reimbursement, EED accomplishes two administrative actions. The first is to approve projects; the second is to authorize projects for bond indebtedness and reimbursement.

Project approval occurs when an eligible scope and budget have been defined. Project authorization occurs when certified election results are provided establishing voter approval, and a project agreement is signed. Based on these provisions, the projects have been determined eligible in both scope and budget under AS 14.11.100(a) (16) and (17), and are approved as listed below pending voter approval and a signed project agreements:

<u>Project Title</u>	<u>Approved Reimbursement Amount</u>	<u>Approved Reimbursement Rate</u>
District Wide Design Projects	\$5,100,000	60.00%
District Wide Building Life Extension Projects	\$11,225,000	70.00%
Career and Vocational Education Upgrades	\$17,000,000	70.00%
TOTAL	\$ 33,325,000	

This approval expires if bonds are not approved by the voters by January 26, 2016 [4 AAC 31.075(a)].

Please let me know if you have any questions.

Sincerely,



Sam S. Kito III, P.E.
Facilities Engineer

cc: Mike Price, Director of Facilities (via email)