

CLERK'S OFFICE
APPROVED

Date: 2-1-11

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

**MUNICIPALITY OF ANCHORAGE, ALASKA
ORDINANCE No. 2011-9(S)**

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS FOR CAREER, TECHNICAL AND VOCATIONAL FACILITY EDUCATION UPGRADES AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 5, 2011.

WHEREAS, the existing certain educational facilities serving the Municipality of Anchorage, Alaska (the "Municipality") are in need of career, technical and vocational facility education upgrades; and

WHEREAS, the Assembly of the Municipality and School Board have identified necessary renovations, upgrades and improvements to career, technical and vocational education facilities; and

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

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Purpose. The Assembly hereby determines that the career, technical and vocational educational facilities are in need of renewal, replacement, renovation and acquisition (the "Projects"). Specifically, career, technical and vocational facilities at seven high schools, five middle schools and the King Career Center will be upgraded.

The Projects are described in more detail in the Assembly Memorandum accompanying this ordinance. The cost of all necessary planning, acquisition of property for, site preparation, construction, installing and equipping of the Projects, architectural, engineering, design, and other consulting services, inspection and

1 testing, administrative and relocation expenses, costs of issuance of the Bonds
2 (hereinafter defined) and other costs incurred in connection with the Projects shall
3 be deemed to be costs of the approved Projects. The approved Projects may be
4 completed with all necessary equipment and appurtenances.
5

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

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

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

30 For the purpose of providing funds for the undertaking of the Projects, which
31 are hereby found to be a public purpose and in the public interest, the Municipality
32 hereby proposes to issue general obligation bonded indebtedness in an amount
33 not to exceed Seventeen Million Dollars (\$17,000,000) (the "Bonds").
34

35 **Section 2.** Details of Bonds. The Bonds shall be sold in such amounts and at
36 such time or times as deemed necessary and advisable by the Assembly and as
37 permitted by law and shall mature over a period of 20 years of date of issue. The
38 Bonds shall be issued in an aggregate principal amount of not to exceed
39 \$17,000,000. The Bonds shall bear interest to be fixed at the time of sale or sales
40 thereof. The exact form, terms, conditions, contents, security, options of
41 redemption, and such other matters relating to the issuance and sale of said
42 Bonds as are deemed necessary and advisable by the Assembly shall be as
43 hereinafter determined and/or delegated by ordinance and/or resolution of the
44 Assembly.
45

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

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

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

PROPOSITION NO. _____

19 CAREER, TECHNICAL AND VOCATIONAL FACILITY
20 EDUCATION UPGRADES PROJECT BONDS
21

22 Shall Anchorage borrow up to \$17,000,000 through the
23 issuance of general obligation bonds to pay for career,
24 technical and vocational facility education upgrades within
25 Anchorage, as provided in Ordinance No. AO 2011-9(S)?
26 The Projects currently qualify for 70% State debt
27 reimbursement (subject to annual Legislative appropriation as
28 described below.)
29

30 The general obligation bond proceeds will be used to pay
31 costs of upgrades at career, technical and vocational facilities
32 at seven high schools, five middle schools and the King
33 Career Center. The Projects currently qualify for 70% State
34 debt reimbursement. If the State chooses to make full
35 reimbursement, the annual increase in taxes would be \$1.30
36 to retire the proposed bonds (based on \$100,000 of 2011 real
37 and personal property value). State reimbursement is subject
38 to annual Legislative appropriation.
39

40 Without State reimbursement for debt service, voter approval
41 of this bond proposition authorizes for each \$100,000 of
42 assessed real and personal property value (based on the
43 estimated 2011 assessed valuation) an annual increase in
44 taxes of approximately \$4.34 to retire the proposed bonds.
45

1 The debt will be paid from real and personal property taxes
2 levied and collected areawide in Anchorage. Anchorage will
3 also pledge its full faith and credit for payment of the debt.
4

5 (No. AO 2011-9(S))
6

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

12 PROPOSITION NO. _____

BONDS, YES

13 BONDS, NO

14 **Section 5. Effective Dates.** Section 2 of this ordinance shall become effective
15 only if the proposition described in Section 3 is approved by a majority of the
16 qualified voters voting on the proposition at the regular election held on April 5,
17 2011. The remaining sections of this ordinance shall become effective upon
18 passage and approval by the Assembly.
19

20 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this
21 1st day of February, 2011.
22

23
24 By 
25 Chair of the Assembly

26 ATTEST:

27 
28
29 Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2011-9(S)

AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS FOR CAREER, TECHNICAL AND VOCATIONAL FACILITY EDUCATION UPGRADES AT THE ELECTION TO BE HELD IN THE MUNICIPALITY ON APRIL 5, 2011.

Prepared by

K&L GATES LLP

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2011-9(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: 2011-9(S) Title: AN ORDINANCE PROVIDING FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF ANCHORAGE, ALASKA, THE QUESTION OF THE ISSUANCE OF NOT TO EXCEED SEVENTEEN MILLION DOLLARS (\$17,000,000) OF GENERAL OBLIGATION BONDS OF THE MUNICIPALITY OF ANCHORAGE TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENTS FOR CAREER, TECHNICAL AND VOCATIONAL FACILITY EDUCATION UPGRADES 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		1,364	1,364	1,364	1,364
5000 Capital Outlay					
TOTAL DIRECT COSTS:		1,364	1,364	1,364	1,364
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 \$1,364,124 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 70% of the bond debt service (subject to annual appropriation) which would reduce the annual taxpayer debt service to \$409,237.

PRIVATE SECTOR ECONOMIC EFFECTS:

Estimated annual debt service payments of approximately \$1,364,124 equate to an estimated property tax increase of .0434 mills or \$4.34 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 \$409,237 and would equate to an estimated property tax increase of .0130 mills or \$1.30 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

Department of Education & Early Development Division of School Finance

SEAN PARNELL, GOVERNOR

Goldbelt Place
801 West 10th Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
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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.

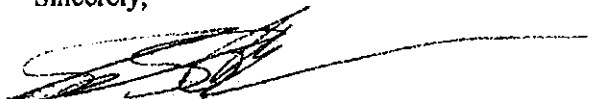
Project approval occurs when an eligible scope and budget have been defined. Project authorization occurs when certified election results are provided establishing voter approval, and a project agreement is signed. Based on these provisions, the projects have been determined eligible in both scope and 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)