

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2020-08

AN ORDINANCE OF THE CITY OF UNALASKA, AUTHORIZING THE ISSUANCE OF AN ELECTRIC UTILITY REVENUE REFUNDING BOND OF THE CITY TO REFUND AN OUTSTANDING ELECTRIC UTILITY REVENUE BOND OF THE CITY; AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN ACCORDANCE THEREWITH.

WHEREAS, the City of Unalaska, Alaska (the "City"), has authorized the issuance of electric utility revenue bonds in one or more series pursuant to Ordinance No. 2008-19, passed and approved on November 7, 2008 (the "Original Master Ordinance"); and

WHEREAS, pursuant to Ordinance No. 2010-09 of the City, passed and approved on August 10, 2010 (the "2010 Bond Ordinance"), the City issued its Electric Utility Revenue Bond, 2010B (the "2010 Bond"), in the original principal amount of \$3,365,0000, all of which is now outstanding, and amending the Original Master Ordinance (as so amended, the "Master Ordinance"); and

WHEREAS, pursuant to Alaska Statutes 29.47.300, if the City has outstanding revenue bonds and the Council determines it would be financially advantageous to refund those bonds, the City may provide by ordinance for the issuance of revenue refunding bonds, and pursuant to Alaska Statutes 29.47.320, no election is required to authorize the issuance and sale of refunding bonds; and

WHEREAS, pursuant to Alaska Statutes 29.47.340, refunding bonds may be exchanged for the bonds being refunded; and

WHEREAS, the City sold the 2010 Bond to the Alaska Municipal Bond Bank (the "Bond Bank"), as authorized by the 2010 Bond Ordinance, on the terms and conditions set forth in, among others, the 2010 Bond Ordinance and the loan agreement between the City and the Bond Bank dated as of September 1, 2010 (the "2010 Loan Agreement"); and

WHEREAS, the Bond Bank issued its General Obligation Bonds, 2010B Series Three (Taxable) (the "2010 Bond Bank Bonds"), among other purposes, to provide funds to purchase the 2010 Bond, as provided in the 2010 Loan Agreement; and

WHEREAS, the Bond Bank has expressed its intent to issue refunding bonds (the "Bond Bank Refunding Bonds") for the purpose of refunding a portion of the 2010 Bond Bank Bonds to achieve a debt service savings; and

WHEREAS, Section 6 of the 2010 Loan Agreement provides that payments of principal of and interest on the 2010 Bond may be adjusted to reduce debt service on

the 2010 Bond if the Bond Bank is able to achieve debt service savings by refunding the 2010 Bond Bank Bonds; and

WHEREAS, the Bond Bank has offered to enter into an Amendatory Loan Agreement (the "Amendatory Loan Agreement") to effect a reduction in debt service on the outstanding principal installments of the 2010 Bond (the "Refundable Principal Installments"); and

WHEREAS, the Council wishes to effect a reduction in debt service on all or a portion of the Refundable Principal Installments by entering into the Amendatory Loan Agreement, issuing its electric utility revenue refunding bond (and, if necessary, a replacement 2010 Bond) in exchange for the 2010 Bond and participating in the refunding of a portion of the 2010 Bond Bank Bonds;

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE CITY OF UNALASKA, ALASKA:

Section 1. This is a non-code ordinance.

Section 2. Definitions. The terms used in this Series Ordinance that are defined in the Master Ordinance shall have the meanings set forth in the Master Ordinance. In addition, the following terms shall have the following meanings in this Series Ordinance:

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Continuing Disclosure Certificate" means a certificate relating to the 2020 Bond executed and delivered by the City with respect to compliance with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission, as such certificate may be amended or supplemented from time to time in accordance with its terms.

"Government Obligations" means direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"2020 Bond" means the electric utility revenue refunding bond of the City, the issuance of which is authorized herein.

"2020 Bond Fund" means the Electric Utility Revenue Bond Fund, 2020, established by Section 12.

"2020 Debt Service Account" means the account of that name created in the 2020 Bond Fund by Section 12(a).

"2020 Reserve Account" means the account of that name created in the 2020 Bond Fund by Section 12(b).

“2020 Reserve Requirement” means, on any date, an amount equal to the least of (1) Maximum Annual Debt Service on the 2020 Bond; (2) 125 percent of average Annual Debt Service on the 2020 Bond; (3) 10 percent of the initial principal amount of the 2020 Bond; and (4) any lesser amount that is the maximum amount permitted from time to time under the Code, without subjecting such amount to yield restriction, to maintain the exclusion of interest on the 2020 Bond from gross income for federal income tax purposes.

Section 3. Authorization of 2020 Bond and Purpose of Issuance. The Council hereby determines it would be financially advantageous to refund all or a portion of the Refundable Principal Installments by issuing the 2020 Bond (and, if necessary, a replacement 2010 Bond) on the terms and conditions provided in this Series Ordinance. For the purpose of providing the funds required to refund all or a portion of the Refundable Principal Installments and to pay all costs incidental thereto and to the issuance of the 2020 Bond, the City hereby authorizes and determines to issue and to sell the 2020 Bond. The 2020 Bond shall be designated “City of Unalaska Electric Utility Revenue Refunding Bond,” with such additional series and year designation as the City Representative may fix and determine. The City Representative is authorized to fix and determine which of the Refundable Principal Installments are to be refunded by issuing the 2020 Bond (and, if necessary, a replacement 2010 Bond) in exchange therefor.

The City has ascertained and hereby determines that each and every matter and thing as to which provision is made in this Series Ordinance is necessary in order to carry out and effectuate the purpose of the City in accordance with the constitution and the statutes of the State of Alaska and to incur the indebtedness and issue the 2020 Bond.

Section 4. Obligation of 2020 Bond. The 2020 Bond shall be an obligation only of the 2020 Bond Fund and shall be payable and secured as provided herein and in the Master Ordinance. The 2020 Bond shall not in any manner or to any extent constitute general obligations of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the 2020 Bond.

Section 5. Description of 2020 Bond. The 2020 Bond shall be dated the date of its initial delivery, and each principal installment of the 2020 Bond shall be in the denomination of \$5,000 or any integral multiple thereof, or such other date and denominations as may be determined by the City Representative, and shall be numbered in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. The 2020 Bond shall bear interest payable semi-annually on the dates and shall mature on the date and each principal installment shall be payable annually in the amount and on the dates, all as shall be set forth in the Amendatory Loan Agreement. Interest on the 2020 Bond shall be computed on the basis of a 360-day year composed of twelve 30-day months. The City Representative is authorized to fix and determine the principal amount, maturity date, principal installments, and payment dates and the rate or rates of interest to be borne by such principal installments, provided that (i) no rate of interest on any principal installment

shall exceed the rate of interest on the corresponding maturity of the Bond Bank Refunding Bonds; (ii) the net present value of the savings to the City effected by issuing the 2020 Bond (and, if necessary, a replacement 2010 Bond) and refunding the Refundable Principal Installments that are refunded shall be at least three percent (3%) of the aggregate principal amount of the Refundable Principal Installments that are refunded; and (iii) the 2020 Bond shall mature on or before the date that is six months after the date on which the last Refundable Principal Installment that is refunded is payable.

Section 6. Place and Medium of Payment. Both principal of and interest on the 2020 Bond shall be payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. For so long as the Bond Bank is the Registered Owner, payments of principal thereof and interest thereon shall be made as provided in the 2010 Loan Agreement, as amended by the Amendatory Loan Agreement (the "Amended Loan Agreement"). In the event that the Bond Bank is no longer the Registered Owner, payments of principal thereof and interest thereon will be made by check or draft mailed by first class mail to the Registered Owner at the address for the Registered Owner appearing on the Bond Register on the 15th day of the month preceding the payment date, provided that the final installment of principal of and interest on the 2020 Bond will be payable at the office of the Registrar upon surrender of the 2020 Bond to the Registrar. If any principal installment of the 2020 Bond is not paid when due, the City shall pay interest on such principal installment at the same rate provided in the 2020 Bond from and after its due date until such principal installment is paid in full or provision for payment thereof has been duly made.

Section 7. Optional Prepayment. The principal installments of the 2020 Bond shall be subject to prepayment, at the City's option, on the dates and at the prices to be set forth in the Amendatory Loan Agreement. If fewer than all of the principal installments of the 2020 Bond are to be prepaid, the principal installments to be prepaid shall be determined by the City. Notice of any such prepayment shall be sent by the City not less than 50 days prior to the date fixed for prepayment by first class mail to the Registered Owner at the Registered Owner's address as it then appears on the Bond Register. Notice of prepayment having been duly given and the prepayment having been duly effected, interest on the principal installments to be prepaid shall cease to accrue on the date fixed for prepayment.

Section 8. Form of 2020 Bond. The 2020 Bond shall be in substantially the following form, subject to the provisions of the Amended Loan Agreement, and with such changes as the City Representative approves:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF UNALASKA

No. \_\_\_\_\_

\$ \_\_\_\_\_

ELECTRIC UTILITY REVENUE REFUNDING BOND

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Unalaska, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner set forth above, or its registered assigns, the principal amount set forth above in the following installments on \_\_\_\_\_ 1 of each of the following years, and to pay interest on each such principal installment from the date hereof until paid or provision for payment thereof has been made, payable on \_\_\_\_\_ 1, 20\_\_ and semiannually thereafter on \_\_\_\_\_ and \_\_\_\_\_ 1 of each year, at the following rates per annum:

Year	Principal Installment	Interest Rate	Year	Principal Installment	Interest Rate
------	--------------------------	------------------	------	--------------------------	------------------

For so long as the Alaska Municipal Bond Bank (the "Bond Bank") is the Registered Owner, payments of principal hereof and interest hereon shall be made by the trustee for the Bond Bank Bonds as provided in the loan agreement between the Bond Bank and the City relating to this bond (the "Loan Agreement"). In the event that the Bond Bank is no longer the Registered Owner, payments of principal hereof and interest hereon will be made by check or draft mailed by first class mail to the Registered Owner at the address for such Registered Owner appearing on the Bond Register on the 15th day of the month preceding the payment date, provided that the final installment of principal of and interest on this bond will be payable at the office of the Finance Director of the City (the "Registrar") upon surrender of this bond to the Registrar. Interest on this bond shall be computed on the basis of a 360-day year composed of twelve 30-day months.

This bond is a special obligation of the City and is the duly authorized electric utility revenue refunding bond of the City designated "City of Unalaska, Alaska, Electric Utility Revenue Refunding Bond" (the "2020 Bond"), issued under Ordinance No. 2008-19, passed and approved on November 7, 2008 (as amended by Ordinance No. 2010-09, passed and approved on August 10, 2010 (the "2010 Ordinance"), and as it may be further amended and supplemented from time to time, the "Master Ordinance"), and the 2010 Ordinance (together, the "Ordinance"). All Bonds issued and to be issued under the Master Ordinance are and will be equally and ratably secured by the pledges and covenants made

therein, except as otherwise expressly provided or permitted in the Master Ordinance.

This bond is issued under the Ordinance for the purpose of providing the funds required to refund all or a portion of the Refundable Principal Installments and to pay all costs incidental thereto and to the issuance of this bond.

Reference is made to the Ordinance for a description of the rights of the Registered Owner and of the rights and obligations of the City thereunder, to all of the provisions of which Ordinance the Registered Owner, by acceptance hereof, assents and agrees.

This bond is subject to prepayment at the option of the City in accordance with the applicable provisions of the Ordinance and the applicable provisions of the Amended Loan Agreement.

This bond shall be an obligation only of the 2020 Bond Fund and shall be payable and secured as provided in the Ordinance. This bond shall not in any manner or to any extent constitute a general obligation of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged to the payment of this bond.

The City has irrevocably obligated and bound itself to set aside and pay out of Net Revenue into the 2020 Bond Fund, in the amounts and at the times specified in the Ordinance, the amount necessary to pay principal or interest coming due on this bond. The City has irrevocably pledged the amounts to be paid into the 2020 Bond Fund, and the amounts in the 2020 Bond Fund, to the payment of this bond, and the City has declared the amounts so pledged to be a lien on Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be made to secure payment of any series of Bonds issued in accordance with the provisions of the Master Ordinance.

This bond is transferable as provided in the Ordinance, (1) only upon the Bond Register, and (2) upon surrender of this bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2020 Bond in the same aggregate unpaid principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or prepayment price,

if any, hereof and interest due hereon and for all other purposes whatsoever.

IT IS HEREBY CERTIFIED and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and the ordinances of the City of Unalaska, and that all acts, conditions, and things required to happen, to be done, and to be performed precedent to and on the issuance of this bond have happened, been done, and been performed.

IN WITNESS WHEREOF, THE CITY OF UNALASKA, ALASKA, has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_, 2020.

CITY OF UNALASKA

\_\_\_\_\_/specimen/  
Mayor

ATTEST:

\_\_\_\_\_/specimen/  
City Clerk

[SEAL]

Section 9. Execution. The 2020 Bond shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the Clerk. The execution of the 2020 Bond on behalf of the City by any person who at the time of the execution is duly authorized to hold the proper office shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2020 Bond or shall not have held office on the date of the 2020 Bond.

Section 10. Registration.

(a) The 2020 Bond shall be issued only in registered form as to both principal and interest. The City designates the Finance Director of the City as Registrar for the 2020 Bond. The Registrar shall keep, or cause to be kept, the Bond Register at the office of the City.

(b) The City, in its discretion, may deem and treat the Registered Owner of the 2020 Bond as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Each payment made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the City on the 2020 Bond to the extent of the amount or amounts so paid.

(c) The 2020 Bond may be transferred only upon the Bond Register. Upon surrender for transfer or exchange of the 2020 Bond at the office of the Registrar, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, the City shall execute and the Registrar shall deliver a 2020 Bond in equal aggregate principal amount, subject to such reasonable regulations as the Registrar may prescribe and upon payment sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid in connection with such transfer or exchange. The 2020 Bond surrendered for transfer or exchange shall be canceled by the Registrar.

(d) The City covenants that the City will maintain a system for recording the ownership of the 2020 Bond that complies with the provisions of Section 149 of the Code.

Section 11. 2020 Bond Destroyed, Stolen, or Lost. Upon filing with the Registrar of evidence satisfactory to the City that the 2020 Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2020 Bond identical in all respects to the 2020 Bond destroyed, stolen, or lost. The person requesting the execution and delivery of the new 2020 Bond under this Section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 12. 2020 Bond Fund. A special fund of the City designated the "Electric Utility Revenue Bond Fund, 2020" is hereby created for the purpose of paying and securing the payment of the 2020 Bond. The 2020 Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the Registered Owner, from time to time, of the 2020 Bond. For so long as the Bond Bank is the Registered Owner of the 2020 Bond, the 2020 Bond Fund shall be held by the trustee for the Bond Bank Refunding Bonds and applied in accordance with Section 5 and this Section.

(a) 2020 Debt Service Account. The 2020 Debt Service Account is hereby created in the 2020 Bond Fund for the purpose of paying the principal of and interest on the 2020 Bond. The City hereby irrevocably obligates and binds itself to set aside and pay into the 2020 Debt Service Account from Net Revenue or money in the Electric Utility Revenue Fund, on or prior to the respective dates on which the same become due: (1) such amounts as are required to pay the interest scheduled to become due on the 2020 Bond; and (2) such amounts as are required to pay maturing principal of the 2020 Bond.



(b) 2020 Reserve Account. The 2020 Reserve Account is hereby created in the 2020 Bond Fund for the purpose of securing the payment of the principal of and interest on the 2020 Bond. On the date of issuance of the 2020 Bond, the City shall deposit money in the 2020 Reserve Account equal to the 2020 Reserve Requirement. If a deficiency occurs in the 2020 Debt Service Account, the City shall withdraw or cause to be withdrawn from the 2020 Reserve Account the amount sufficient to make up the deficiency and transfer or cause to be transferred such amount for deposit in the 2020 Debt Service Account. The City shall make up any deficiency in the 2020 Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other money legally available for such purpose, after providing for the payments required to be made into the 2020 Debt Service Account within such year.

The money in the 2020 Reserve Account shall never be invested at a yield in excess of the yield on the Bond Bank Refunding Bonds.

Any amount in the 2020 Reserve Account in excess of the 2020 Reserve Requirement may be transferred to the 2020 Debt Service Account and used to pay when due the principal of and interest on the 2020 Bond. Whenever there is a sufficient amount in the 2020 Bond Fund, including the 2020 Reserve Account and the 2020 Debt Service Account, to pay all principal of and interest on the 2020 Bond, the amount in the 2020 Reserve Account may be used to pay such principal and interest, and no further deposits need be made into the 2020 Bond Fund.

(c) Pledge and Lien. The City hereby irrevocably pledges the amounts to be paid into the 2020 Bond Fund, and the amounts in the 2020 Bond Fund, to the payment of the 2020 Bond, and the amounts so pledged are hereby declared to be a lien on Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be created to secure payment of any series of Bonds issued in accordance with the provisions of the Master Ordinance.

Section 13. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the 2020 Bond from gross income for federal income tax purposes. The City covenants that it will make no use of the proceeds of the 2020 Bond that will cause the 2020 Bond to be an "arbitrage bond" subject to federal income taxation by reason of Section 148 of the Code.

Section 14. Defeasance. Payment of all or any principal installments of the 2020 Bond may be provided for by the irrevocable deposit in trust of cash, noncallable Governmental Obligations or any combination thereof. The cash and the maturing principal and interest income on such Government Obligations, if any, must be sufficient and available without reinvestment to pay when due such principal, whether at maturity or upon fixed prepayment dates, together with interest thereon. The cash and Government Obligations shall be held irrevocably in trust for the Registered Owner of the 2020 Bond solely for the purpose of paying such principal and interest as the same

shall mature or become payable upon prepayment, and, if applicable, upon the giving of notice of prepayment and notification to the Registered Owner that the deposit required by this Section has been made and that such principal is deemed to be paid in accordance with this Series Ordinance. Such principal shall no longer be deemed Outstanding hereunder. The obligation of the City in respect of such principal and interest shall nevertheless continue but the Registered Owner shall thereafter be entitled to payment only from the cash and Government Obligations deposited in trust to provide for the payment of such principal and interest.

Section 15. Exchange of Bonds; Amendatory Loan Agreement; Continuing Disclosure Certificate. The exchange of the 2020 Bond for all the Refundable Principal Installments that are refunded (and, if necessary, the issuance of a replacement 2010 Bond), as provided in the Amended Loan Agreement and this Series Ordinance, is hereby authorized and approved. The Amendatory Loan Agreement and the Continuing Disclosure Certificate in substantially the form filed with this Series Ordinance are hereby approved. The Mayor and the City Manager are each individually authorized to execute and deliver the Amendatory Loan Agreement and the Continuing Disclosure Certificate in such forms, together with such changes not inconsistent herewith as may be approved by the Mayor or the City Manager (such approval to be conclusively evidenced by such official's execution and delivery of such document).

Section 16. Authority of Officers. The Mayor, the City Manager, the Finance Director, the City Clerk, the City Attorney, and bond counsel to the City are each authorized and directed execute such documents, agreements, certificates, and opinions and to do and perform such things and determine such matters necessary and desirable for the City to carry out its obligations under the 2020 Bond, the Amended Loan Agreement, the Continuing Disclosure Certificate, and this Series Ordinance, including the execution and delivery of a depository agreement with the trustee for the Bond Bank Refunding Bonds relating to the 2020 Bond Fund.

Section 17. Limitations on Recourse. No recourse shall be had for the payment of the principal or the interest on the 2020 Bond or for any claim based thereon or on this Series Ordinance against any member of the Council or officer of the City or any person executing the 2020 Bond. The 2020 Bond is not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and does not and shall not create or constitute an indebtedness or obligation, either legal, moral, or otherwise, of the State of Alaska or of any political subdivision thereof, except the City.


Section 18. Severability. If any one or more of the provisions of this Series Ordinance shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Series Ordinance and shall in no way affect the validity of the other provisions of this Series Ordinance or of the 2020 Bond.

Section 19. Effective Date. This Series Ordinance shall take effect upon passage and approval.

PASSED AND APPROVED by a duly constituted quorum of the Council of the City of Unalaska this 12<sup>th</sup> day of May 2020.

  
\_\_\_\_\_  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

  
\_\_\_\_\_  
Marjie Veeder, CMC  
City Clerk



---

---

## MEMORANDUM TO COUNCIL

---

---

To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Erin Reinders, City Manager  
Date: April 28, 2020  
Re: Resolution 2020-23, authorizing the refunding two general obligation bonds, and Ordinance 2020-08, authorizing the refunding of an electric utility revenue bond

---

---

**SUMMARY:** A reduction in interest rates has provided an opportunity for the City to save money by participating in the Alaska Municipal Bond Bank's (AMBB) next bond issue. This participation will allow the City to realize savings of approximately \$734,000 over the life of the debt. The exact amount of savings is dependent upon the interest rates at the time of refinancing. Staff recommends approval.

**PREVIOUS COUNCIL ACTION:** There has been no previous council action related to refunding this debt. However, there have been two key council actions relating to the original authorization of the debt:

On August 10, 2010 council passed and approved Ordinance 2010-09, authorizing the issuance of Utility Revenue Bond 2010B.

On January 6, 2010 council passed and approved Resolution 2010-04, authorizing the issuance of General Obligation Bonds 2010 Series A (Tax Exempt) and 2010 Series B (Taxable).

**BACKGROUND:** Interest rates are currently favorable for saving money over the remaining life of the debt.

**DISCUSSION:** Due to recent interest rate movements the Alaska Municipal Bond Bank Authority (AMBBA) is putting together a refunding transaction. The following Unalaska bonds are eligible for a tax-exempt refunding to be included in the transaction:

1. 2010-B-1 (Harbor, with the Build America Bond Structure + subsidy), has \$2.73 million upcoming callable par, and if refunded with a projected 1.15% interest cost, there is projected to be present value savings of about \$450,000 even after taking federal subsidies off the table.
2. 2010-B-3 (Electric, with RZEDB Structure + subsidy) has \$3.1 million in callable par, and if refunded with a projected 1.2% interest cost, there is projected to be present value savings of about \$280,000 even after taking federal subsidies off the table.
3. 2010-A-1 (Harbor, tax-exempt) has \$245,000 in callable par, and if refunded with a projected 1.66% interest cost, there is projected to be present value savings of about \$3,900.

Interest rates on the existing bonds range from 4 to 6.341 percent. The exact amount of savings will depend on interest rates at the time of refinancing.

**ALTERNATIVES:** To proceed with the refunding, or to not participate in the refunding and forgo the projected interest savings.

**FINANCIAL IMPLICATIONS:** As noted above, by refunding the existing debt, the City has an opportunity to achieve present value savings of \$734,000.

**LEGAL:** Marc Greenough of Foster Garvey, PC is the bond attorney who is guiding the City through the refunding process. Mr. Greenough prepared Ordinance 2020-08 and Resolution 2020-23.

**STAFF RECOMMENDATION:** Staff recommends approval of Ordinance 2020-08 and Resolution 2020-23.

**PROPOSED MOTIONS:**

1. I move to approve Resolution 2020-23; and
2. I move to schedule Ordinance 2020-08 for second reading and public hearing on May 12, 2020.

**CITY MANAGER COMMENTS:** I support Staff's recommendation.