


City and Borough of Sitka


PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Melissa Haley, Finance Director 

Date: March 24, 2021

Subject: **Amending Ordinance 2020-30** (extension of expiration date)

Background

On June 9, 2020, the Assembly approved ordinance 2020-30, which gave staff the authority to move forward with refinancing its 1979 AEA loan along with the other refundings planned through the Alaska Municipal Bond Bank (AMBB). The ordinance authorized staff to proceed with refinancing the AEA loan (which is treated a new bond issuance) through December 31, 2020. All bond bank activity was halted before the planned refunding deal could take place because of an Alaska Supreme Court Decision that put the role of the AMBB into question. This concern has now been resolved and the refunding/refinancing is moving forward.

Analysis

As the authority to proceed with the refunding expired on December 31, 2020, we seek to amend the original ordinance to change the expiration date to December 31, 2021, though we expect to close on the refinancing prior to June 30, 2021.

Fiscal Note

With current rates, net present value savings are estimated to be over \$500,000 over the next twelve fiscal years, but ultimate savings will be determined only upon final pricing.

Recommendation

Approve extension of authority to refinance AEA loan through December 31, 2021.

1 CITY AND BOROUGH OF SITKA, ALASKA
2
3 JUNIOR LIEN ELECTRIC REVENUE REFUNDING BOND (TAXABLE)
4
5 (REFINANCING AEA LOAN)
6
7
8

9 ORDINANCE NO. 2021-07
10
11
12

13 AN ORDINANCE of the City and Borough of Sitka amending Ordinance No.
14 2020-30 passed and approved on June 9, 2020; and establishing an effective
15 date.
16

17
18 PASSED: _____, 2021
19
20
21
22
23

24 Prepared by:

25 Stradling Yocca Carlson & Rauth, a Professional Corporation
26 Seattle, Washington
27

28
29
30
31
32
33
34
35

36
37
38
39
40

41
42

CITY AND BOROUGH OF SITKA, ALASKA

ORDINANCE NO. 2021-_____

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Classification.....	3
Section 2. Amendment of Original Ordinance.....	3
Section 3. General Authorization; Prior Acts	3
Section 4. Severability	3
Section 5. Effective Date	3

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-07

AN ORDINANCE of the City and Borough of Sitka amending Ordinance No. 2020-30 passed and approved on June 9, 2020; and establishing an effective date.

WHEREAS, the City and Borough of Sitka, Alaska (the “City”), owns and operates electric generation and transmission facilities (the “Electric System”); and

WHEREAS, to pay a portion of the cost of the City’s Green Lake hydroelectric project, a component of the Electric System, the City borrowed \$15,000,000 (at a per annum interest rate of 4.0%) from the Alaska Power Authority (now known as the Alaska Energy Authority, “AEA”) under a Loan and Security Agreement dated as of August 24, 1982, as evidenced by a Promissory Note dated August 26, 1982 (as subsequently amended, the “AEA Loan”); and

WHEREAS, the Assembly previously passed and approved Ordinance No. 2020-30 on June 9, 2020 (the “Original Ordinance”) which authorized the City to obtain a loan from the Alaska Municipal Bond Bank (the “Bond Bank”) in a principal amount not to exceed \$7,000,000 to refinance for savings the AEA Loan, authorized the issuance to the Bond Bank of a junior lien electric revenue refunding bond (the “Bond”) of the City to evidence and secure the AEA Loan, and authorized the Municipal Administrator and Chief Finance and Administrative Officer to enter into a loan agreement with the Bond Bank (the “Loan Agreement”) setting forth the terms and conditions of the AEA Loan and the Bond; and

WHEREAS, due to unforeseen circumstances, the Bond Bank delayed the transaction originally planned for the fall of 2020, which would have refinanced the AEA Loan, and now expects to proceed with the transaction in the summer of 2021, and it appears that proceeding with the refinancing now continues to produce savings for the ratepayers; and

WHEREAS, pursuant to Section 17 of the Original Ordinance, the authority granted to the Chief Finance and Administrative Officer and Municipal Administrator for the initial sale of the Bond expired on December 31, 2020 and the authorization for the issuance of the Bond was rescinded because a Loan Agreement for the Bond had not been executed by December 31, 2020; and

WHEREAS, Section 17 of the Original Ordinance provides that the ordinance reauthorizing the issuance and sale of the Bond may be in the form of an amendatory ordinance approving a Loan Agreement or establishing terms and conditions for the authority delegated under such section; and

WHEREAS, the Assembly desires to amend the Original Ordinance to reauthorize the issuance and sale of the Bond, and to extend the expiration date of the authority granted to the Chief Finance and Administrative Officer and Municipal Administrator in Section 17 of the

Original Ordinance for the initial sale of the Bond and execution of a Loan Agreement from December 31, 2020 to December 31, 2021 on the terms and conditions set forth in the Original Ordinance;

NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska, as follows:

Section 1. Classification. This ordinance is not of a permanent nature and is not intended to become part of the Sitka General Code.

Section 2. Amendment of Original Ordinance. The Original Ordinance is hereby amended to reauthorize the issuance and sale of the Bond, and to extend the expiration date of the authority granted to the Chief Finance and Administrative Officer and Municipal Administrator in Section 17 of the Original Ordinance for the initial sale of the Bond and execution of a Loan Agreement from December 31, 2020 to December 31, 2021. Except as amended by this ordinance, the Original Ordinance has not otherwise been amended and remains in full force and effect. Capitalized terms used in this ordinance and not otherwise defined herein have the meanings given those terms in the Original Ordinance.

Section 3. General Authorization; Prior Acts. The Mayor, Municipal Administrator, Chief Financial and Administrative Officer, Municipal Attorney, and Municipal Clerk and any other appropriate officers of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance and the Original Ordinance but prior to the effective date of this ordinance are hereby ratified and confirmed.

Section 4 Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City are declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 5. Effective Date. This ordinance shall be in full force and effect 30 days after its adoption by the Assembly.

READ FOR THE FIRST TIME at a regular meeting of the Assembly held on _____, 2021.

PASSED AND APPROVED by the Assembly on _____, 2021.

CITY AND BOROUGH OF SITKA,
ALASKA

By _____
Mayor

ATTEST:

Municipal Clerk

130
131

CERTIFICATE

132 I, the undersigned, duly chosen, qualified and acting Municipal Clerk of the City and
133 Borough of Sitka (the “City”) and keeper of the records of the Assembly, DO HEREBY CERTIFY:

134 1. That the attached is a true and correct copy of Ordinance No. 2021-_____ of the
135 Assembly (the “Ordinance”), as finally adopted at a regular meeting of the Assembly held on
136 _____, 2021, and duly recorded in my office.

137 2. That said meeting was duly convened and held in all respects in accordance with law,
138 and to the extent required by law, due and proper notice of such meeting was given; that a legal
139 quorum of the Assembly was present throughout the meeting and a legally sufficient number of
140 members of the Assembly voted in the proper manner for the passage of the Ordinance; that all other
141 requirements and proceedings incident to the proper passage of said Ordinance have been duly
142 fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

143 IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2021.

144
145
146

Municipal Clerk
City and Borough of Sitka