

**CITY OF WASILLA  
ORDINANCE SERIAL NO. 02-25**

**AN ORDINANCE OF THE WASILLA CITY COUNCIL AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF UTILITY REVENUE BONDS BY THE CITY IN THE PRINCIPAL AMOUNT OF \$3,309,000 FOR THE PURPOSE OF FINANCING WATER IMPROVEMENTS; ESTABLISHING THE TERMS OF THE BONDS; AUTHORIZING THE ISSUANCE AND SALE OF NOTES IN ANTICIPATION OF THE ISSUANCE OF SUCH BONDS; AND AUTHORIZING THE SALE OF THE BONDS.**

WHEREAS, the City of Wasilla, Alaska (the "City") is a first class city, and under the provisions of AS 29.47.240, the City may issue revenue bonds for a public enterprise or public corporation of the City where the only security is the revenue of the public enterprise or corporation; and

WHEREAS, the City owns and operates a water utility and a wastewater utility as a public enterprise under Chapters 13.04 and 13.08 of the Wasilla Municipal Code; and

WHEREAS, the United States Department of Agriculture, Rural Development Agency ("RDA") has approved a loan to the City in the principal amount of not to exceed \$3,309,000 for the Bumpus Well and Reservoir Project (the "Project"), and the proceeds of the loan will be paid to the City upon completion of the Project; and

WHEREAS, AS 29.47.250 provides that an election is not required to authorize the City to issue revenue bonds; and

WHEREAS, AS 29.47.080 provides that the City may borrow money in anticipation of the sale of revenue bonds if the revenue bonds to be sold have been authorized by ordinance; and

WHEREAS, the City has authorized the issuance of utility revenue bonds in one or more series pursuant to Ordinance Serial No. 02-24, adopted April 29, 2002 (the "Master Ordinance"); and

WHEREAS, it is necessary and in the best interest of the City and its residents that the City now provide for the issuance of a series of utility revenue bonds in a principal amount of not to exceed \$3,309,000, to finance the Project; and

WHEREAS, because bonds to finance the Project will not be issued until the Project is completed, it is necessary and in the best interest of the City and its residents

that the City now provide for the issuance of bond anticipation notes in a principal amount of not to exceed \$3,000,000, to finance the Project.

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the City of Wasilla:

\* **Section 1. Classification.** This ordinance is a non-code ordinance.

\* **Section 2. Definitions.** The terms used in this Series Ordinance which 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:

"Bond Register" means the registration books maintained by the Registrar containing the names and addresses of each owner of the 2002 Series A Bonds or its nominee, and the principal amount and number of 2002 Series A Bonds held by each owner or nominee.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rulings applicable thereto.

"Cost" or "Costs" means the cost of planning, designing, acquiring property for, acquiring, constructing, installing and equipping the Project, the cost of acquisition of any land or interest therein required as the site of the Project or for use in connection therewith, the cost of any indemnity and surety bonds and premiums on insurance incurred in connection with the Project prior to or during construction thereof, all related direct administrative and inspection expenses incurred in connection with the Project prior to or during construction thereof, legal fees, costs of issuance of the 2002 Series A Bonds and the Notes by the City, including financing charges and fees and expenses of bond counsel, financial advisors and consultants in connection therewith, the cost of any bond insurance premium, the cost of audits, the reimbursement of all moneys advanced from whatever source for the payment of any item or items of cost of the Project, and all other expenses necessary or incidental to the acquisition and development of the Project, the financing thereof and placing the Project in use and operation.

"Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Master Ordinance" means Ordinance Serial No. 02-24, adopted by the City on April 29, 2002.

"Notes" means the City of Wasilla, Alaska, Interim Tax Exempt Notes, Series 2002 authorized by this Series Ordinance.

"Project" means the acquisition and construction of water capital improvements known as the Bumpus Well and Reservoir Project.

"RDA" means the United States Department of Agriculture, Rural Development Agency.

"2002 Series A Bonds" means the City of Wasilla, Alaska, Utility Revenue Bonds, 2002 Series A authorized by this Series Ordinance.

\* **Section 3. Authorization of 2002 Series A Bonds and Purpose of Issuance.** There is hereby authorized to be issued under the Master Ordinance a Series of Bonds designated as "City of Wasilla, Alaska, Utility Revenue Bonds, 2002 Series A," in the aggregate principal amount of not to exceed \$3,309,000. The purpose for which the 2002 Series A Bonds are being issued is to provide funds to pay (i) the principal of and interest on the Notes, and (ii) Costs of the Project.

\* **Section 4. Obligation of 2002 Series A Bonds.** The 2002 Series A Bonds shall be an obligation only of the 2002 Series A Bond Fund and shall be payable and secured as provided herein. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2002 Series A Bonds.

\* **Section 5. Description of 2002 Series A Bonds.** The 2002 Series A Bonds shall be designated "City of Wasilla, Alaska, Utility Revenue Bonds, 2002 Series A," shall be issued in fully registered form and shall be numbered in the manner and with such additional designation as the Registrar deems necessary for purposes of identification. The 2002 Series A Bonds shall be dated as of their delivery date, and shall bear interest from the date thereof, computed on the basis of a 360-day year consisting of twelve 30-day months. Subject to the remainder of this section, the Mayor and the Deputy Mayor each is hereby authorized to determine the dated date, the principal and interest payment dates, the aggregate principal amount, the principal amount of each maturity, the interest rates and the redemption terms, if any, for the 2002 Series A Bonds, and other details of the 2002 Series A Bonds, at or before the time of their delivery to RDA; provided that the true interest cost of the 2002 Series A Bonds, expressed as an annual rate, does not exceed 6.0 percent.

\* **Section 6. Place and Medium of Payment.** Both principal of and interest on the 2002 Series A Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Installments of principal and interest on the 2002 Series A Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the fifteenth day of the month preceding each installment payment date at the address appearing on the Bond Register; provided that the final installment of principal and interest on the 2002 Series A Bonds shall be payable upon presentation and surrender of the 2002 Series A Bonds by the Registered Owner at the office of the Registrar.

\* **Section 7. Registration.**

(A) Bond Register. The 2002 Series A Bonds shall be issued only in registered form as to both principal and interest. The City designates the City Finance Director as Registrar and Paying Agent for the 2002 Series A Bonds. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City covenants that, until all 2002 Series A Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each 2002 Series A Bond that complies with the provisions of Section 149 of the Code.

(B) Registered Ownership. The City and the Registrar, each in its discretion, may deem and treat the Registered Owner of any 2002 Series A Bonds as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Payment of the 2002 Series A Bonds shall be made only as described in Section 6, but such registration may be transferred as herein provided. All payments made as described in Section 6 shall be valid and shall satisfy and discharge the liability of the City upon the 2002 Series A Bonds to the extent of the amount or amounts so paid.

(C) Transfer or Exchange of Registered Ownership; Change in Denominations. The 2002 Series A Bonds shall be transferred only upon the Bond Register kept by the Registrar. Upon surrender of a 2002 Series A Bond for transfer or exchange 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 new 2002 Series A Bond (or 2002 Series A Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same 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. Any 2002 Series A Bonds surrendered for transfer or exchange shall be canceled by the Registrar. The Registrar shall not be required to transfer or exchange any 2002 Series A Bond after the 2002 Series A Bond has been called for redemption.

\* **Section 8. Redemption of 2002 Series A Bonds.** The 2002 Series A Bonds shall be subject to redemption at the option of the City, in whole or in part at any time, at a redemption price equal to the principal amount of the 2002 Series A Bonds to be redeemed plus accrued interest to the date of redemption.

\* **Section 9. Notice of Redemption.** Notice of any intended redemption of the 2002 Series A Bonds shall be given not less than 10 days prior to the date fixed for redemption by United States mail to the Registered Owner of the 2002 Series A Bonds to be redeemed at its address as it appears on the Bond Register on the day the notice is mailed. The requirements of this section shall be deemed to be complied with when notice is mailed as provided herein, whether or not it is actually received by the

Registered Owner. All official notices of redemption shall be dated and shall state the redemption date and the redemption price.

\* **Section 10. 2002 Series A Bond Fund.** A special fund of the City designated the "Utility Revenue Bond Fund, Series 2002 Series A" is hereby created for the purpose of paying and securing the payment of the 2002 Series A Bonds. The 2002 Series A 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 owners, from time to time, of the 2002 Series A Bonds.

(A) The City hereby irrevocably obligates and binds itself for as long as the 2002 Series A Bonds remain Outstanding to set aside and pay into the 2002 Series A Bond Fund from Net Revenues or money in the 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 Outstanding 2002 Series A Bonds; and
- (2) such amounts as are required to pay maturing principal of the Outstanding 2002 Series A Bonds.

(B) Said amounts so pledged to be paid into the 2002 Series A Bond Fund are hereby declared to be an equal and prior lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for the lien and charge thereon of Senior Lien Obligations and except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

\* **Section 11 Form of 2002 Series A Bonds.** Each 2002 Series A Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this resolution or the Master Ordinance:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF WASILLA

NO. \_\_\_\_\_

\$

UTILITY REVENUE BOND, 2002 SERIES A

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Wasilla, 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 identified above, or its registered assigns, the Principal Amount stated above together with accrued interest thereon. This Bond shall bear interest from its date, at a rate of \_\_\_\_\_ (\_\_\_\_%) per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. This Bond is payable in \_\_\_\_\_ installments of principal and interest, on \_\_\_\_\_ 1, 200\_\_, and semiannually thereafter on the 1st days of \_\_\_\_\_ and \_\_\_\_\_ of each year, until \_\_\_\_\_, 20\_\_, when the remaining principal of this Bond, plus accrued interest, shall be due and payable.

Both principal of and interest on this Bond shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Installments of principal and interest on this Bond shall be paid by check mailed by first class mail to the Registered Owner as of the fifteenth day of the month preceding each installment payment date at the address appearing on the Bond Register; provided that the final installment of principal and interest on this Bond shall be payable upon presentation and surrender of this Bond by the Registered Owner at the office of the Finance Director of the City, in Wasilla, Alaska.

This Bond is subject to prepayment by or on behalf of the City, in whole or in part, at any time without penalty.

This Bond is a special obligation of the City and is one of a duly authorized issue of Bonds of the City designated "City of Wasilla, Alaska, Utility Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Ordinance Serial No. 02-24 (the "Master Ordinance"), adopted April 29, 2002, and a Series Ordinance authorizing each such series. As provided in the Master Ordinance, the Bonds may be issued from time to time pursuant to Series Ordinances in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Ordinance is not limited, and all Bonds issued and to be issued under said 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 one of a series of Bonds issued in the aggregate principal amount of \$3,309,000 under the Master Ordinance and Ordinance Serial No. 02-25 (the "Series Ordinance"), adopted April 29, 2002, for the purpose of providing funds for the acquisition and construction of water utility and related capital improvements for the City water utility system (the "Project").

This Bond shall be an obligation only of the 2002 Series A Bond Fund and shall be payable and secured as provided in the Master Ordinance and the Series Ordinance. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2002 Series A Bonds. The City has pledged to pay into the 2002 Series A Bond

Fund from Net Revenues or money in the Utility Revenue Fund, on or prior to the respective dates on which the same become due such amounts as are required to pay the interest and principal to become due on this Bond. Said amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for the lien and charge of Senior Lien Obligations and except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

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 Wasilla, 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 Wasilla, Alaska, has caused this Bond to be executed by the manual signature of its Mayor and attested by its Clerk under the seal of the City on this \_\_\_\_ day of \_\_\_\_\_ 2002.

CITY OF WASILLA

\_\_\_\_\_  
SARAH PALIN, Mayor

ATTEST:

\_\_\_\_\_  
KRISTIE L. SMITHERS, CMC  
City Clerk

[SEAL]

\* **Section 12. Execution of 2002 Series A Bonds.** The 2002 Series A Bonds shall be executed on behalf of the City by the Mayor, and its corporate seal shall be impressed or otherwise reproduced thereon and attested by the City Clerk. The execution of the 2002 Series A Bonds on behalf of the City by persons that at the time of the execution are duly authorized to hold the proper offices 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 2002 Series A Bonds or shall not have held office on the date of the 2002 Series A Bonds.

\* **Section 13. Mutilated, Destroyed, Stolen or Lost 2002 Series A Bonds.** Upon surrender to the Registrar of a mutilated 2002 Series A Bond, the City shall execute and deliver a new 2002 Series A Bond of like maturity and principal amount.

Upon filing with the Registrar of evidence satisfactory to the City that a 2002 Series A 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 2002 Series A Bond of like maturity and principal amount. The person requesting the authentication and delivery of a new 2002 Series A 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. Any 2002 Series A Bond issued pursuant to this section in substitution for a 2002 Series A Bond alleged to be destroyed, stolen or lost shall constitute an original additional contractual obligation on the part of the City, whether or not the 2002 Series A Bond alleged to be destroyed, stolen or lost be at any time enforceable by anyone.

\* **Section 14. 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 2002 Series A Bonds from gross income for federal income tax purposes. The City covenants that it will make no use of the proceeds of the 2002 Series A Bonds which will cause the 2002 Series A Bonds to be an "arbitrage bond" subject to federal income taxation by reason of Section 148 of the Code. The City covenants that it will not take or permit any action that would cause the 2002 Series A Bonds to be a "private activity bond" as defined in Section 141 of the Code.

\* **Section 15. Sale of 2002 Series A Bonds; General Authorization to City Officials.** The 2002 Series A Bonds shall be sold at negotiated sale to RDA. The proper officials for the City are hereby authorized and directed to do everything necessary to complete such sale and delivery of the 2002 Series A Bonds to the purchaser thereof.

\* **Section 16. Disposition of the Sale Proceeds of the 2002 Series A Bonds.** The sale proceeds of the 2002 Series A Bonds shall be applied first to pay the principal of and interest on the Notes, and, second, to pay Costs of the Project and issuance costs of the 2002 Series A Bonds, and shall be deposited in the appropriate funds or accounts of the City for such purposes.

\* **Section 17. Defeasance.** In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the 2002 Series A Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such 2002 Series A Bonds and such 2002 Series A Bonds shall be deemed not to be Outstanding.

\* **Section 18. Mayor.** The Mayor is authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this resolution and



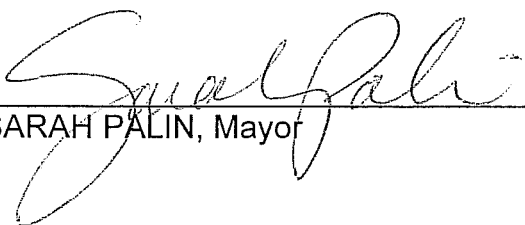
to effectuate the issuance and delivery of the 2002 Series A Bonds. This authority includes without limitation authorization to execute and deliver on behalf of the City a loan agreement between the City and RDA, consistent with the terms of this Series Ordinance and the Master Ordinance.

\* **Section 19. Bond Anticipation Notes.** For the purpose of providing the funds required to pay the Costs of the Project in anticipation of the issuance of the 2002 Series A Bonds, the City hereby authorizes and determines to issue and sell the Notes in the aggregate principal amount of not to exceed \$3,000,000. The Notes shall be designated "City of Wasilla, Alaska, Interim Tax Exempt Notes, Series 2002." The Notes shall be in the denomination of \$5,000 or any integral multiple thereof, shall mature on a date not later than one year after their issuance, and shall bear interest from their date, payable at maturity. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Notes shall be payable only from proceeds of the 2002 Series A Bonds, and from the 2002 Series A Bond Fund. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the Notes. Subject to the remainder of this section, the Mayor and the Deputy Mayor each is hereby authorized to determine the dated date, the maturity date, the aggregate principal amount, the interest rate, and the redemption terms, if any, for the Notes, and other details of the Notes, at the time of their sale; provided that the true interest cost of the Notes, expressed as an annual rate, does not exceed 5.0 percent. Subject to approval of the terms of the Notes as provided in this section, the Notes shall be sold at negotiated sale to Wells Fargo Brokerage Services LLC.

\* **Section 20. Severability.** If any one or more of the covenants or agreements provided in this Series Ordinance to be performed on the part of the City shall be 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 in this Series Ordinance and shall in no way affect the validity of the other provisions of this Series Ordinance or of the 2002 Series A Bonds.

\* **Section 21. Effective Date.** This ordinance shall take effect upon passage and approval.

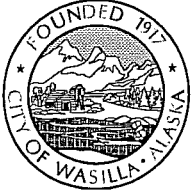
ADOPTED by the Wasilla City Council, Alaska, on April 29, 2002.

  
\_\_\_\_\_  
SARAH PALIN, Mayor

ATTEST:

  
\_\_\_\_\_  
KRISTIE L. SMITHERS, CMC  
City Clerk

[SEAL]



**CITY OF WASILLA**

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290 E. HERNING AVE.  
WASILLA, AK 99654-7091  
PHONE: (907) 373-9090  
FAX: (907) 373-9092

TO: Wasilla City Council

THRU: Mayor Sarah Palin

FROM: Public Works

DATE: April 18, 2002

**SUBJECT: Ordinance Serial No. 02-25**

SUMMARY: Ordinance Serial No. 02-25 has been prepared by the City attorney to authorize utility revenue bonds for the Bumpus well and reservoir facility. The principal amount for this project is \$3,309,000. The revenue bonds are needed for loan repayment. This project is vital in providing a backup water supply to the Spruce Avenue well and reservoir facility, and to meet future water demand over the next 15 years.

FISCAL IMPACT: \$3,309,000.

RECOMMENDED ACTION: Council is requested to adopt Ordinance Serial No. 02-25 that authorizes utility revenue bonds for the Bumpus well and reservoir facility.

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