

**PETERSBURG BOROUGH
ORDINANCE #2020-11**

AN ORDINANCE APPROVING THE BOROUGH'S PARTICIPATION IN A PROPOSED REFINANCING BY THE ALASKA MUNICIPAL BOND BANK OF ITS GENERAL OBLIGATION BONDS, 2010 SERIES ONE (ISSUED IN TWO SERIES, ONE TAX-EXEMPT AND ONE TAXABLE), WHICH PROVIDED FUNDS TO PURCHASE THE CITY OF PETERSBURG GENERAL OBLIGATION ELECTRIC UTILITY BOND, 2010 SERIES A (TAX-EXEMPT) (THE "2010A BOND"), AND THE CITY OF PETERSBURG GENERAL OBLIGATION ELECTRIC UTILITY BOND, 2010 SERIES B (TAXABLE BUILD AMERICA BOND) (THE "2010B BOND"), UNDER A LOAN AGREEMENT BETWEEN THE CITY AND THE BOND BANK; AUTHORIZING THE BOROUGH MANAGER AND FINANCE DIRECTOR TO ENTER INTO A NEW LOAN AGREEMENT WITH THE BOND BANK SETTING FORTH A REVISED DEBT SERVICE SCHEDULE WITH RESPECT TO THE LOAN EVIDENCED BY THE 2010A BOND AND THE 2010B BOND, IN ACCORDANCE WITH THE 2010 LOAN AGREEMENT, IF THE BOND BANK SUCCESSFULLY REFINANCES ITS 2010 BONDS; AUTHORIZING THE ISSUANCE OF A NEW BOND OR BONDS TO THE BOND BANK TO EVIDENCE THE REFINANCED LOAN; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the former City of Petersburg, Alaska (the "City"), issued its General Obligation Electric Utility Bond, 2010 Series A (Tax-Exempt) (the "2010A Bond"), and its General Obligation Electric Utility Bond, 2010 Series B (Taxable Build America Bond) (the "2010B Bond," and together with the 2010A Bond, the "2010 Bonds"), to the Alaska Municipal Bond Bank (the "Bond Bank"), as authorized by Resolution ##1901 and 1917 of the City Council (together, the "2010 Bond Legislation"), and as approved by the City's voters at an election held on October 6, 2009; and

WHEREAS, the 2010 Bonds were sold to the Bond Bank on the terms and conditions set forth in the Bond Legislation and in that certain loan agreement between the City and the Bond Bank dated as of March 1, 2010 (the "2010 Loan Agreement"); and

WHEREAS, the Bond Bank issued and sold its General Obligation Bonds, 2010 Series One (issued in two series, one tax-exempt and one taxable) (the "2010 Bond Bank Bonds"), to provide funds to purchase the 2010 Bonds, as provided in the 2010 Loan Agreement; and

WHEREAS, Section 6 of the 2010 Loan Agreement provides that payments of principal of and interest on one or both of the 2010 Bonds may be adjusted to reduce debt service if the Bond Bank is able to achieve debt service savings by refunding the applicable series of 2010 Bond Bank Bonds; and

WHEREAS, the Bond Bank now intends to issue a series of its general obligation bonds (the "2020 Bond Bank Bonds") for the purpose, among others, of refunding all or a portion of the 2010 Bond Bank Bonds to achieve debt service savings; and

WHEREAS, the City was dissolved when the Petersburg Borough (the "Borough") was incorporated as a non-unified home rule borough on January 3, 2013, and, as provided in Section 19.07 of the Borough Charter, the Borough succeeded to all assets and liabilities of the City, including the 2010 Bonds; provided, however, that the general obligation pledge that provides additional security for the 2010 Bonds (in addition to a pledge of electric utility revenue) is an obligation only of Service Area 1 (which comprises the area within the limits of the former City); and

WHEREAS, the Borough Assembly wishes to approve the Borough's participation in this refinancing and to authorize the Borough Manager and Finance Director to approve a revised debt service schedule for one or both of the 2010 Bonds if the Bond Bank successfully refinances the 2010 Bond Bank Bonds;

NOW, THEREFORE, THE PETERSBURG BOROUGH ORDAINS, as follows:

Section 1. Classification. This ordinance is not of a permanent nature and will not be codified.

Section 2. Approval of Refinancing. The Borough Assembly hereby approves the Borough's participation in the Bond Bank's refinancing of the 2010 Bond Bank Bonds and authorizes the Borough Manager and Finance Director to approve a revised schedule of principal payment amounts and interest rates for one or both of the 2010 Bonds, in accordance with Section 6 of the 2010 Loan Agreement, so long as the revised debt service schedule is financially advantageous to the Borough. The revised schedule of debt service on each 2010 Bond and other provisions as may be required by the Bond Bank will be set forth in a loan agreement (the "2020 Loan Agreement") and one or more refunding bonds of the Borough (the "2020 Bonds") to be issued to the Bond Bank in exchange for the 2010 Bonds.

The Borough Manager or Finance Director is authorized to execute and deliver the 2020 Loan Agreement on behalf of the Borough and to deliver the 2020 Bonds, executed in accordance with the provisions of the 2010 Bond Legislation and this ordinance, to the Bond Bank in exchange for the 2010 Bonds. The Borough Manager, Finance Director, Borough Attorney, and other appropriate officers and employees of the Borough are also hereby authorized to provide information about the Borough and its financial and legal affairs that the Bond Bank may request, including but not limited to information for the official statement for the 2020 Bond Bank Bonds.

Section 3. Tax Covenants. The Borough covenants to undertake all actions required to maintain the tax-exempt status of interest on the 2020 Bonds, to the extent applicable, under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 4. General Authorization. The Mayor, Borough Manager, Finance Director, Borough Clerk, Borough Attorney, and any other appropriate officers, agents, attorneys and employees of the Borough are each hereby authorized and directed to cooperate with the Bond Bank and to take such steps, do such other acts and things, and 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.

Section 5. Prior Acts. Any and all acts heretofore taken by officers, agents, attorneys and employees of the Borough in connection with refinancing the 2010 Bonds are hereby ratified and confirmed.

Section 6. Effective Date. This ordinance will take effect immediately upon its passage and is not subject to referendum in accordance with the restrictions on referendum provided in Section 6.01.B.2 of the Borough Charter.

PASSED AND APPROVED by the Petersburg Borough Assembly, Petersburg, Alaska, this ____ day of _____, 2020.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Published:
Effective:

CLERK'S CERTIFICATE

I, the undersigned, Borough Clerk of the Petersburg Borough (the "Borough"), and keeper of the records of the Borough Assembly (the "Borough Assembly"), DO HEREBY CERTIFY:

1. That the attached ordinance (the "Ordinance") is a true and correct copy of Ordinance #2020-11 of the Borough, as adopted at a meeting of the Borough Assembly held on _____, 2020, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this _____, 2020.

Debra K. Thompson, Borough Clerk
Petersburg Borough