

Presented by: Finance Director
Date: July 13, 1993
Action: Passed
Vote: 4-yeas; 0-nays

RESOLUTION #93-23

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF 1993 SERIES A BOND ANTICIPATION NOTE IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,000,000, APPROVING A NOTE PURCHASE AGREEMENT, AND RELATED MATTERS.

WHEREAS, AS 29.47.080-.140 permits the City to issue and sell its bond anticipation notes pursuant to provisions contained therein; and

WHEREAS, the City, pursuant to Ordinance 93-03, adopted by the City Council on March 9, 1993 (the "Ordinance"), authorized the issuance and sale of City of Bethel Sewer Revenue Bonds in the total aggregate amount of \$1,000,000 for the purpose of paying the costs of acquiring property for, designing, equipping and constructing of a sewer lagoon and related facilities (including issuance costs) (the "Project") within the City and to reimburse any fund of the City which may have advanced funds for construction of the Project or paid issuance costs of the bonds; and

WHEREAS, the City has applied to the Farmers Home Administration for a loan and has received a letter of commitment, pursuant to which Farmers Home Administration has agreed under certain conditions to purchase revenue bonds of the City in the amount of \$1,000,000 upon completion of the Project, said bonds to be issued pursuant to the Ordinance; and

WHEREAS, the City Council believes it to be in the best interest of the City to issue bond anticipation notes in the aggregate principal amount of not to exceed \$1,000,000 to provide interim financing for the Project with said notes to be payable out of the proceed of the revenue bonds issued pursuant to the Ordinance and sold to the Farmers Home Administration or from other funds legally available; and

WHEREAS, the City Finance Director has solicited offers for purchase of bond anticipation notes of the City to obtain interim financing for the Project and has determined it to be in the best interests of the City to sell such note to the National Bank of Alaska in accordance with the attached Purchase Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BETHEL AS FOLLOWS:

Section 1. The City hereby determines to sell its City of Bethel 1993 Series A Sewer Revenue Bond Anticipation Notes (the "Notes") in the aggregate principal amount of not to exceed One Million Dollars (\$1,000,000) to the National Bank of Alaska (the "Purchaser") pursuant to a Purchase Agreement attached hereto and incorporated herein as Exhibit A. Said Purchase Agreement is approved and the City Manager and/or the Finance Director of the City are authorized to execute the Purchase Agreement on behalf of the City.

Section 2. The Note shall be dated as of its delivery date and shall be substantially in the form attached hereto as Exhibit B and shall be payable from the proceeds of the 1993 Series A Sewer Revenue Bonds issued pursuant to authorization contained in the Ordinance, or from other funds legally available. The Manager and/or Finance Director are authorized to execute on said proceeds to the Bank on the form presented by the Bank.

Section 3. The proceeds of the Note shall be used for the interim financing of the Project. The Bank will make advances on the note principal consistent with the cash flow needs of the Project and in accordance with the Purchase Agreement. Interest on the Note will be payable at the floating rate of 69% of the National Bank of Alaska's Prime Rate as adjusted from time to time.

Section 4. The Note will be subject to prepayment prior to maturity pursuant to the terms contained in the Purchase Agreement and will be due in full as to both principal and interest on December 31, 1993.

Section 5. The steps heretofore taken by the City Manager and Finance Director to solicit proposals for the purchase of the Note in order to obtain necessary interim financing for the Project are hereby ratified in all respects.

Section 6. The City covenants with the holder of the Note at any time outstanding that it will make no use of proceeds of the Note which will cause the Note to be "arbitrage bonds" the interest on which is subject to federal income taxation by reason of Sections 103 or 148 of the Internal Revenue Code of 1954 as amended. To that end, so long as any of the Notes are outstanding, the City, with respect to the proceeds of the Notes, shall comply with all requirements of said Sections 103 and 148 of the Code and of all regulations of the United States Department of the Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

Section 7. The City hereby designates the Note as a qualified tax exempt obligation pursuant to Section 265 of the Internal Revenue Code of 1986. The City reasonably expects that it will not issue in excess of \$10,000,000 qualified tax exempt obligations during the calendar year of 1993 (other than private activity bonds).

Section 8. The Mayor is hereby authorized and directed to execute the Notes with his manual signature to be attested by the manual signature of the City Clerk and deliver the Notes to the Purchaser. The Mayor, the Manager, Finance Director and the City Clerk are authorized to take such steps and execute such further documents as are necessary to deliver the Note.

Section 9. The Notes are not a general obligation of the City and neither the full faith and credit nor the taxing power are pledged for their payment.

Section 10. This Resolution shall take effect immediately.

PASSED AND APPROVED THIS 13th DAY OF July, 1993.

James H. Feaster III
James H. Feaster III, Mayor

Jane Elam
Jane Elam, City Clerk

PURCHASE AGREEMENT

This agreement is by and between the City of Bethel (the "City") and the National Bank of Alaska (the "Bank") relating to the purchase and sale of the City's \$1,000,000 1993 Bond Anticipation Note.

WHEREAS, the City, on March 9, 1993 passed and adopted Ordinance 93-03 (the "Bond Ordinance") to provide in part for the financing of a sewer lagoon (the "Project") by the issuance of revenue bonds not to exceed \$1,000,000; and

WHEREAS, the Farmer's Home Administration has issued its letter of commitment to indicate its approval of a loan to the City for the purposes set forth in the Bond Ordinance; and

WHEREAS, said letter of commitment provided for the purchase of the Bonds upon completion of the Project; and

WHEREAS, pending the completion of the Project the City needs interim financing to pay the costs of construction of the Project; and

WHEREAS, the City is authorized under AS 29.47.080 -.140 and Ordinance #93-03 to issue bond anticipation notes to be paid with the proceeds of the Bonds; and,

WHEREAS, the Bank has issued its letter of commitment to loan money to the City with such loan to be evidenced by a Bond Anticipation Note.

I. Representations

A. The Bank

1. The Bank represents it has made whatever inquiries it deems necessary to assure itself the Notes will be repaid. It has reviewed whatever records of the City it deems necessary, including without limitation, the letter of commitment from Farmer's Home Administration, the Bond Ordinance and records of the Project, and whatever financial information it desires.

2. The Bank is authorized to purchase the Note and the official executing of this agreement is fully authorized to enter into this agreement on behalf of the Bank.

B. The City

1. The City is a municipal corporation (second class city) of the State of Alaska, authorized by law to enter into this agreement and to sell bond anticipation notes.

2. The City has designated the note as a bank qualified tax exempt obligation under Section 265 of the Internal Revenue Code.

3. The City has taken all necessary actions to enter into this agreement and the undersigned has the authority to execute this instrument on behalf of the City.

4. The Farmers Home Administration has agreed to purchase its Sewer Revenue Bonds in the amount of \$1,000,000 and has issued its letter of commitment.

5. Neither the full faith and credit nor the taxing power of the City are pledged for the payment of the Note.

II. Mutual Obligations One To Another

A. Bank agrees to purchase the City's Bond Anticipation Note on the following terms.

1. The Note proceeds will be disbursed upon presentation of invoices by the City. The invoices will first be submitted to the Farmer's Home Administration in Palmer for approval. The disbursements will be written in on the Note as to both date and amount.

2. The interest rate will be a floating rate of 69% of the Bank's Prime Rate as adjusted from time to time, which interest will accrue on amounts actually disbursed and from the date of said disbursements.

3. The Note will be repaid as to both principal and interest on or before December 31, 1993 from the proceeds of the Bonds to be issued and sold to the Farmers Home Administration or from other sources legally available for such purposes.

B. The City agrees it will provide to the Bank at closing the following:

1. An opinion of nationally recognized bond counsel that the interest on the note is not subject to Federal income tax, except for the usual qualifications, relating to Alternative Minimum Taxes.

2. Certified copies of ordinances and resolutions which authorize the Bonds and the Note and which approved the issuance and sale of the Notes.

3. The City agrees as security for the repayment of the Note it will assign proceeds of the Sewer Revenue Bonds and that such assignment will be presented to Farmer's Home Administration.

Dated this _____ day of _____ 1993.

City of Bethel

National Bank of Alaska

By _____

By _____

No. _____

\$ _____

**UNITED STATES OF AMERICA
STATE OF ALASKA**

CITY OF BETHEL

1993 SERIES A BOND ANTICIPATION NOTE

The City of Bethel, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay to National Bank of Alaska on or before the 31 st day of December, 1993, the principal sum of not to exceed One Million Dollars, (\$1,000,000) together with accrued interest thereon at the floating rate of 69% of the National Bank of Alaska prime rate as adjusted from time to time. Both principal of and interest on this note are payable in lawful money of the United States of America at the office of National Bank of Alaska in Bethel, Alaska, or at the option of the holder at the office of the Treasurer of the City, in Bethel, Alaska. The City will pay interest on only the actual amount without penalty.

This note is subject to prepayment by the City.

This note is issued pursuant to Chapter 58, Title 29 of Alaska Statutes, Ordinance 93-03 adopted on March 9, 1993, and Resolution of the City duly and regularly adopted on 1993, for the purpose of providing funds for the designing, equipping and constructing of a sewer lagoon and related facilities (the "Project") within the City and to reimburse any fund of the City which may have advanced funds for construction of the Project or paid issuance costs of the bonds. Funds will be advanced by the Bank to the City pursuant to the Purchase Agreement of even date by and between the City and the Bank and the Bank will record the date and amount of the advance on this note in the places noted below. The interest will only be paid on said advance from the dates advanced. The total principle owed under this note will be the amount disbursed as shown on this note.

This note is payable from the proceeds of the \$1,000,000 1993 Series A Sewer Revenue Bonds authorized by Ordinance 93-03.

IT IS HEREBY CERTIFIED and declared that this note is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and the ordinances and resolution of the City of Bethel, and that all acts, conditions and things required to happen, to be done, and performed precedent to and on the

issuance of this note have happened, been done and performed.

IN WITNESS WHEREOF, the City of Bethel, Alaska, has caused this note to be executed by the manual or facsimile signature of its Mayor and attested by its Clerk under the seal of the City this _____ day of _____ 1993.

James H. Feaster III, Mayor

ATTEST:

Jane Elam, City Clerk

DISBURSEMENTS TO THE CITY

<u>Amount</u>	<u>Date</u>	<u>Signature of Disbursing Officer</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT OF PROCEEDS

FOR VALUABLE CONSIDERATIONS, the undersigned _____, of _____, does hereby transfer, set over, and assign unto the NATIONAL BANK OF ALASKA, Anchorage, Alaska, all sums of money due or to become due to the undersigned from _____.

This assignment is given as additional security for indebtedness owed by me to the NATIONAL BANK OF ALASKA and shall be canceled by the NATIONAL BANK OF ALASKA when all of my accounts have been paid in full, or may be canceled sooner upon consent of the assignee.

I hereby direct _____, of _____ to pay the above amount, from money due me, in satisfaction of this assignment. Said payments are to be made as follows: _____

and mailed to:

NATIONAL BANK OF ALASKA
CENTRAL LOAN SERVICING
PO Box 100600
Anchorage, Ak 99510-0600

IN WITNESS WHEREOF, I have hereunto set my hand seal this _____ day of _____, 1993.

ACCEPTANCE OF ASSIGNMENT

CONSENT is hereby given to the foregoing assignment of an account of: _____, which is acknowledged, and _____ agrees to make payment to the assignee as provided herein.

Date

Signature

State of Alaska)
) ss
4th Judicial District)

Subscribed and sworn to before me this _____ day of _____,
1993.

Notary Public (signature)

My Commission Expires: _____