

SUBJECT: Issuance of Areawide General Obligation Transportation Bonds in an amount not to exceed \$12,000,000, and issuance of Areawide General Obligation School and Transportation Refunding Bonds not to exceed \$36,365,000, in one or more series.

AGENDA OF: October 5, 2021

ASSEMBLY ACTION:

Adopted without objection
10-19-21 *(Signature)*

MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY Michael Brown, BOROUGH MANAGER: *MB*

Route To:	Department/Individual	Initials	Remarks
1	Originator - Fin. Dir.	<i>MB</i>	
2	Finance Director	<i>MB</i>	
3	Borough Attorney	<i>SNB</i>	Reviewed by Bond council
4	Borough Clerk	<i>SNB 9/27/21</i>	<i>(Signature)</i>

ATTACHMENT (S): Fiscal Note: Yes X No
Ordinance Serial No. 21-

SUMMARY STATEMENT:

Before you is an ordinance authorizing the issuance of general obligation transportation bonds in the principal amount not to exceed \$12,000,000. Issuance of 2021 Series General Obligation Transportation Bonds will provide funds to finance the construction, additions, improvements, betterments, repair, reconstruction, or acquisition of public roads and facilities related thereto in the Borough, together with all necessary equipment and transportation facilities, and the acquisition of lands or rights in lands in connection therewith.

On October 2, 2018, the voters approved Transportation System Bond Proposition B-2 in the amount of \$23,845,000. Voter approval of these projects was contingent upon a 50 percent match from other

sources, i.e., a dollar for dollar match. The Borough has received a match from the State of Alaska for the following projects. The \$12,000,000 does not include issuance costs. Issuance costs will be paid from the premium on the sale of the bonds. The projects for which bonds will be issued is the following:

BOROUGHWIDE PROJECTS	ESTIMATED AMOUNT
Hemmer Road Upgrade & Extension North to Bogard Road	2,600,000
Hermon Road Upgrade and Extension (Parks Highway to Palmer-Wasilla Highway)	3,500,000
Trunk Road Extension South, Phase II/III	1,800,000
Seldon Road Extension Phase II (Windy Bottom/Beverly Lakes Road to Pittman Road)	4,100,000
Total	12,000,000

Regarding the debt service payments on these new bonds, it is important to understand that the amount of the actual debt service payments are estimates at this time. The estimated annual debt service payment would be approximately \$949,500. The Borough will be responsible for 100% of the debt service payments.

Construction of these projects can begin once the bonds are issued. Construction will begin during the summer of 2022.

Pursuant to Ordinance Serial No. 19-121, adopted by the Assembly on November 19, 2019, the Borough authorized the refunding of \$99,380,000 in aggregate principal amount of School Bond Series 2012A, 2013A and 2014B as well as Transportation Bond Series 2012D and 2014A (collectively the "2019 Refunding Candidates"). The Borough issued \$63,415,000 aggregate principal amount of its Taxable General Obligation School Refunding Bonds, 2019 Series A, and \$6,845,000 aggregate principal amount of its Taxable General Obligation Transportation System Refunding Bonds, 2019 Series B, to refund \$63,015,000 aggregate principal amount of the 2019 Refunding Candidates, realizing a net present value savings to the Borough of \$5,190,732.

Ordinance 21-104 requests Assembly approval to authorize refunding bond issuance for the remaining amount of the 2019 Refunding Candidates in an aggregate principal amount not to exceed \$36,365,000. The remaining amount of the 2012A, 2012B, 2013A, 2014A and 2014B Series Bonds is collectively known as the "2021 Refunding

Series." AS 29.47.300 states that if a municipality has outstanding general obligation bonds and the governing body determines that it would be financially advantageous, the municipality may provide by ordinance or resolution for the issuance of negotiable or nonnegotiable general obligation refunding bonds. In simple terms, the borough would attempt to sell new lower interest bonds which would pay off the older higher interest bonds. After careful analysis and in accordance with the ordinance, the refunding would only occur if a debt service savings of at least 5.0 percent of the principal amount of the refunded bonds, net of all issuance costs, is realized on a present value basis.

The refunding of these bonds is subject to market conditions. If market conditions remain the same throughout October and November, the issuance of the bonds is anticipated to be in December 2021. We likely will have rating agency presentations in the beginning of November with this issue. Our current published rating with Standard & Poor's is AA+ and Fitch Ratings our ratings are AA.

Currently, the projected savings on approximately \$36,365,000 of outstanding bonds is currently estimated at \$4,190,000 overall or just under \$3,760,000 on a net present value basis. This is net of issuance costs which will be paid from the premium. The issuance costs include amounts estimated to be paid for the preparation of the official statements, paying agent fees, underwriter's discount, bond counsel and financial advisor fees and other miscellaneous costs.

In order to proceed, approval of the Assembly is necessary to authorize the issuance and sale of the 2021 Series General Obligation Transportation Bonds and the 2021 Series General Obligation Refunding Bonds.

RECOMMENDATION OF ADMINISTRATION: Approve this legislation.

MATANUSKA-SUSITNA BOROUGH
FISCAL NOTE

Agenda Date: October 5, 2021

Subject: Issuance of Areawide General Obligation Transportation Bonds in an amount not to exceed \$12,000,000, and issuance of Areawide General Obligation School and Transportation Refunding Bonds not to exceed \$36,365,000, in one or more series.

ORIGINATOR: Cheyenne Heindel

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <input checked="" type="radio"/> YES <input type="radio"/> NO
AMOUNT REQUESTED *to be determined*	FUNDING SOURCE <u>2021 Series GO Bonds</u>
FROM ACCOUNT #	PROJECT #
TO ACCOUNT : <u>430,000.000 XXX.XXX</u>	PROJECT # <u>TBD</u>
VERIFIED BY: <u>Amie Weiland</u>	CERTIFIED BY:
DATE: <u>9-27-21</u>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL		<u>TBD</u>				
---------	--	------------	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		<u>TBD</u>				
TOTAL		<u>TBD</u>				

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: the maximum amount to be issued could be \$48,365,000

PREPARED BY:

PHONE:

DEPARTMENT:

DATE:

APPROVED BY:

DATE:

Cheyenne Heindel

9/28/2021