

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2016-51

A RESOLUTION AUTHORIZING THE CITY OF DILLINGHAM TO ISSUE GENERAL OBLIGATION REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$11,000,000 TO REFUND CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY, FIXING CERTAIN DETAILS OF SUCH BONDS AND AUTHORIZING THEIR SALE

WHEREAS, there are now outstanding General Obligation School Bonds, 2008 Series A of the City of Dillingham (the "City") maturing on April 1 in the years 2019 through 2028 in the aggregate principal amount of \$9,190,000 (the "2008 Bonds") authorized by the qualified voters of the City at a special election duly called and held on December 18, 2007, and issued under Ordinance No. 2008-03 of the City; and

WHEREAS, the Council finds that it is in the best interest of the City to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2008 Bonds (the "Refunded Bonds") whose refunding the Manager or the Finance Director determines will produce the percentage debt service savings specified in this resolution, by the issuance of general obligation refunding bonds (the "Bonds") in the aggregate principal amount of not to exceed \$11,000,000; and

WHEREAS, Section 29.47.320 of the Alaska Statutes provides that general obligation refunding bonds may be issued without an election, Section 29.47.300 of the Alaska Statutes provides that their issuance may be authorized by resolution, and Section 29.47.410 of the Alaska Statutes provides that the Council by resolution may provide for the form and manner of sale of bonds and notes; and

WHEREAS, the Alaska Municipal Bond Bank and the City intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of April 1, 2008, between the Alaska Municipal Bond Bank and the City, to provide for the refunding of the Refunded Bonds through their exchange for the Bonds, and related matters; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to the Manager and the Finance Director authority to determine the maturity amounts, interest rates and other details of the Bonds, and to determine other matters that are not provided for in this resolution;

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Definitions. The following terms shall have the following meanings in this resolution:

A. "Amendatory Loan Agreement" means the Amendatory Loan Agreement between the City and the Bond Bank, amending the 2008 Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the Bonds, and related matters.

B. "Bond" or "Bonds" means any of the "General Obligation Refunding Bonds" of the City of Dillingham, the issuance and sale of which are authorized herein.

C. "Bond Bank" means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

D. "Bond Bank Bonds" means bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2008 Series One.

E. "Bond Register" means the registration books maintained by the Registrar, which include the names and addresses of the Registered Owners of the Bonds or their nominees.

F. "City" means the City of Dillingham, a municipal corporation of the State of Alaska, organized as a first class city under Title 29 of the Alaska Statutes.

G. "Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

H. "Council" means the Council of the City of Dillingham, as the general legislative authority of the City of Dillingham, as the same shall be duly and regularly constituted from time to time.

I. "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.

J. "Loan Agreement" means the 2008 Loan Agreement, as amended by the Amendatory Loan Agreement.

K. "Refunded Bonds" means the maturities of the 2008 Bonds whose refunding is approved by the Manager or the Finance Director under Section 13.

L. "Registered Owner" means the person named as the registered owner of a Bond in the Bond Register.

M. "Registrar" means the Finance Director, or any successor that the City may appoint by resolution.

N. "Resolution" means this Resolution 2016-50 of the City.

O. "2008 Loan Agreement" means the Loan Agreement between the City and the Bond Bank dated as of April 1, 2008.

Section 2. Authorization of Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Resolution and the Amendatory Loan Agreement, and to pay all costs incidental thereto and to the issuance of the Bonds, the City hereby authorizes and determines to issue and sell the Bonds in the aggregate principal amount of not to exceed \$11,000,000.

Section 3. Obligation of Bonds. The Bonds shall be direct and general obligations of the City and the full faith and credit of the City are hereby pledged to the payment of the principal of and interest on the Bonds. The City hereby irrevocably pledges and covenants that it will levy and collect taxes upon all taxable property within the City without limitation as to rate or amount, in amounts sufficient, together with other funds legally available therefor, to pay the principal of and interest on the Bonds as the same become due and payable.

Section 4. Designation, Maturities, Interest Rates, and Other Details of Bonds. The Bonds shall be designated "City of Dillingham, Alaska, General Obligation Refunding Bonds." The Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The Bonds shall mature in one or more years commencing no earlier than 2017 and ending no later than 2028. The Bonds shall bear interest from their date, payable commencing on or after December 1, 2016, and semiannually thereafter. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the aggregate principal amount, the principal amount of each maturity, the interest rates, the dated date, the principal and interest payment dates and the record dates for principal and interest payments on the Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of Bonds for Redemption; Notice of Redemption.

(A) Selection of Bonds for Redemption. When the Bond Bank is the Registered Owner of the Bonds, the selection of Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the Bonds, the selection of Bonds to be redeemed shall be made as provided in this subsection (A). If the City redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City shall treat such Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal amount of a Bond is redeemed, upon surrender of such Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the

Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

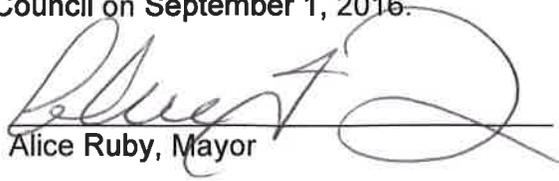
(B) Notice of Redemption. When the Bond Bank is the Registered Owner of the Bonds, notice of any intended redemption of Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the Bonds, notice of any intended redemption of Bonds shall be made as provided in this subsection (B). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as provided herein for the payment of interest. Upon surrender of any Bond for partial redemption, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Each check or other transfer of funds issued to pay the redemption price of Bonds shall bear the CUSIP number, if any, identifying, by maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

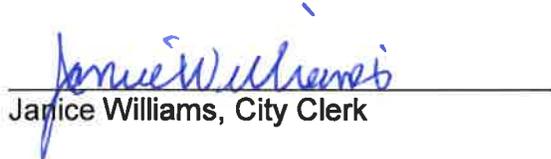
Section 7. Form of Bond. Each Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Resolution:

PASSED and ADOPTED by the Dillingham City Council on September 1, 2016.


Alice Ruby, Mayor

ATTEST:

[SEAL]


Janice Williams, City Clerk

City of Dillingham Information Memorandum

Agenda of: September 1, 2016

Attachment to:

Ordinance No. _____ / Resolution No. 2016-51

Subject:

A RESOLUTION AUTHORIZING THE CITY OF DILLINGHAM TO ISSUE GENERAL OBLIGATION REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$11,000,000 TO REFUND CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY, FIXING CERTAIN DETAILS OF SUCH BONDS AND AUTHORIZING THEIR SALE



City Manager: Recommend Approval

Signature: Rose Doerer

Fiscal Note: Yes No

Funds Available: Yes No

Other Attachments:

Summary Statement:

The principal for the School Bond is \$9.19 million as of April 1, 2019. The resolution you are approving estimates the bond proceeds to be \$11 million in case the bond proceeds increases before refunding. The \$11 million is just an estimate so that we don't have to bring back another resolution.

This resolution is giving the Manager and Finance Director authority to go through the process of refunding the School Bond. The final figures will not be known until the day of its execution. The Alaska Bond Bank and RBC Capital Markets (companies working with the City for refunding) does not want a hold-up of the process as it will have to be executed quickly.

Once we know what the final figures are we will send an e-mail to the council so you know what the final amount is.

The estimated savings of refunding the School bond is \$1.3 million over the term of the bond. It will expire in 2028. Annual savings varies from \$46,000 to \$135,000 with it increasing every year over the term.

Attachment to:
Ordinance No. _____ / Resolution No. 2016-51

Summary Statement continued:

Route to	Department Head	Date
X	Finance Director	
X	Fire Coordinator	
X	City Clerk	