

CITY OF HOMER
HOMER, ALASKA

ORDINANCE # 88-19(A)

AN ORDINANCE OF THE CITY OF HOMER, ALASKA AMENDING ORDINANCE 80-22 PROVIDING FOR AN INTERFUND LOAN OF AMOUNTS IN THE 1980 GENERAL OBLIGATION BOND REDEMPTION FUND FOR THE PURPOSE OF PROVIDING INTERIM CONSTRUCTION FUNDS NECESSARY FOR CERTAIN ROAD CONSTRUCTION PROJECTS; PROVIDING FOR THE TERMS AND CONDITIONS AND SOURCE OF REPAYMENT FOR SUCH INTERFUND LOAN; PROVIDING FOR THE CONSENT OF THE BONDHOLDER TO THE AMENDMENT TO ORDINANCE 80-22; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Homer, Alaska (the "City") has issued and sold to the Alaska Municipal Bond Bank its General Obligation Bond in the amount of \$1,650,000 pursuant to Ordinance 80-22; and

WHEREAS, pursuant to Section 8 of Ordinance 80-22, the City created the 1980 General Obligation Bond Redemption Fund for the purpose of paying the principal of and interest on the 1980 General Obligation Bond; and

WHEREAS, the City has deposited proceeds from its one percent sales tax into the 1980 General Obligation Bond Redemption Fund and the current balance of said fund is approximately \$1,477,000; and

WHEREAS, pursuant to Ordinance 87-19 at an election held within the City of Homer, Alaska on October 6, 1987 the qualified voters of the City voted in favor of the following proposition:

PROPOSITION NO. 2
INCREASED SALES TAX RATE FOR STREET
RECONSTRUCTION AND RELATED UTILITIES

Shall the City of Homer, Alaska provide a partial funding source for street reconstruction improvements and related utilities by an additional three-fourth percent (3/4%) dedicated sales tax, in accordance with the City of Homer Accelerated Roads Program; such additional sales tax to remain in effect for up to twenty years?

INCREASE OF 3/4% SALES TAX RATE, YES

INCREASE OF 3/4% SALES TAX RATE, NO

WHEREAS, it is in the best interest of the City to begin construction under the Accelerated Roads Program as soon as possible; and

WHEREAS, it is in the best interest of the City and necessary for the city to make a temporary interfund loan of sales tax monies from the 1980 General Obligation Bond Redemption Fund to finance on an interim basis a portion of the Accelerated Roads Program; and

WHEREAS, the interfund loan would be repaid from the 3/4% sales tax monies to be collected for the purpose of street reconstruction improvements under the Accelerated Roads Program or from other sources; and

WHEREAS, such interfund loan would become effective upon the consent of the Alaska Municipal Bond Bank Authority of the amendment to Section 8 of Ordinance 80-22 as provided in this Ordinance.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. Amendment of Section 8 of Ordinance No. 80-22.

Section 8 of Ordinance No. 80-22 is amended as follows:

Section 8. Bond Redemption Fund.

A. There is hereby created another special fund of the City to be known as the "1980 General Obligation Bond Redemption Fund," which Bond Fund is created for the sole purpose of paying the principal of and interest on the Bond. All accrued interest received at the time of delivery of the Bond shall be paid into said Bond Fund.

The City hereby covenants and agrees that from and after the date of the issuance of the Bond, the 1% sales tax of the City authorized to be used for the purpose of paying the principal of and interest on the Bond shall be appropriated and paid into the Bond Redemption Fund and except as provided in B of this Section shall not be used for any other purpose than the payment of the principal of and interest on the Bond.

The City hereby irrevocably covenants and pledges for as long as the Bond is outstanding that it will make provision for the payment of the principal of and interest on such Bond in its annual budgets and further covenants that it will make annual levies of ad valorem taxes, for payment into such Bond Fund, upon all the property within the city subject to taxation, without limitation as to rate or amount, and in amounts sufficient, with such other moneys available for such purposes as the Council from

time to time may appropriate and order transferred to such Bond Fund, to pay the principal of and interest on such Bond as the same shall become due.

The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest as the same shall become due.

B. The City is authorized to make an interfund loan of monies from the Bond Redemption Fund, in an aggregate amount not to exceed \$1,200,000 to the Accelerated Road Capital Projects Fund. Said monies loaned shall be used for the purpose of providing temporary interim funds for street reconstruction improvements and related utilities in accordance with the City of Homer Accelerated Roads Program. The interfund loan shall be for a term not to exceed two years and shall be repaid in approximate equal quarterly installments.

Section 2. Accelerated Road Capital Project Fund.

There is hereby created a special fund of the City to be known as the "Accelerated Road Capital Projects Fund."

The City hereby covenants and pledges that it will deposit into the Accelerated Road Capital Projects Fund all of the proceeds of the 3/4% sales tax collected as authorized by the qualified voters in the City of Homer election of October 6, 1987 for the purpose of street reconstruction improvements and related utilities, in accordance with the City of Homer Accelerated Roads Program.

The Accelerated Road Capital Project Fund shall be used for the following purposes in the following priorities:

First, for the repayment of any interfund loan from the 1980 General Obligation Bond Redemption Fund.

Second, for paying the costs of street reconstruction improvements and related utilities in accordance with the City of Homer Accelerated Roads Program.

Section 3. Future Bond Proceeds. It is contemplated by Council of the City of Homer that a portion of the proceeds of general obligation bonds to be authorized and issued in the future for the purpose of paying the costs of street reconstruction improvements in accordance with the City of Homer Accelerated Roads Program may be used to repay any outstanding interfund loan from the 1980 General Obligation Bond Redemption Fund to the Accelerated Road Capital Projects Fund.

Section 4. Interfund Loan. The City Manager and Finance Director are hereby authorized to negotiate an agreement with the Alaska Municipal Bond Bank Authority as to the amendment to Section 8 of Ordinance 80-22 as provided in Section 1 of this Ordinance. Upon consent by the Authority such City officials are authorized to take such actions necessary to implement an interfund loan.

Section 5. Effective Date. This ordinance shall take effect upon adoption.

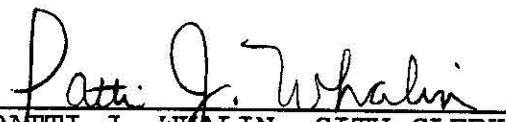
PASSED by the Council of the City of Homer, Alaska, at a regular meeting held on the 9th day of January, 1989.

CITY OF HOMER, ALASKA



DANIEL R. CALHOUN,
MAYOR PRO TEM

ATTEST:



PATTI J. WHALIN, CITY CLERK