



## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Office of the City Clerk

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# Memorandum Agenda Changes/Supplemental Packet

TO: MAYOR WYTHE AND HOMER CITY COUNCIL

FROM: JO JOHNSON, MMC, CITY CLERK

DATE: JUNE 27, 2016

SUBJECT: AGENDA CHANGES AND SUPPLEMENTAL PACKET

### PUBLIC HEARINGS

**Ordinance 16-30(S-2)(A)**, An Ordinance of the City Council of Homer, Alaska, Authorizing the City to Issue General Obligation Bonds in the Principal Amount of Not to Exceed \$12,000,000 to Finance the Acquisition and Construction of a Police Station; Amending HCC 9.16.010 to Provide for an Increase in the Rate of the City Sales Tax From 4.5% to 5.5% From April 1 Through September 30, With the Increase Providing Funds to Pay Debt Service on the General Obligation Bonds and Expiring on September 30 of the Year When the City Has Received Sufficient Funds From the Increase to Pay All of That Debt Service; and Submitting the Question of the Issuance of the Bonds and the Sales Tax Rate Increase to the Qualified Voters of the City at the October 4, 2016 Regular City Election. Smith.

Bond Rate Forecast

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### RECOMMENDATION:

Voice consensus to changes under Agenda Approval.

Fiscal Note: N/A



**From:** [Katie Koester](#)  
**To:** [Jo Johnson](#)  
**Subject:** FW: City of Homer Bond Question - Police Station  
**Date:** Monday, June 27, 2016 11:19:38 AM

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Jo,

Will you please include this email from the bond bank forecasting a \$12m dollar bond over 25 years in the supplemental packet. As a reminder,

.6 seasonal sales tax: \$733,200  
.7% seasonal sales tax: \$855,400  
.8% seasonal sales tax: \$977,600

Thanks,

Katie

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**From:** Williams, Ryan Sparks (DOR) [mailto:[ryan.williams@alaska.gov](mailto:ryan.williams@alaska.gov)]  
**Sent:** Thursday, June 23, 2016 8:32 AM  
**To:** Katie Koester  
**Cc:** Mitchell, Deven J (DOR)  
**Subject:** RE: City of Homer Bond Question - Police Station

Hi Katie:

Due to the potential bond issue being 6 months from now, the rates can swing drastically during that time period. I'll give you some ranges due to possibility for high volatility.

\$12 million, with 25 year level debt service at what the market may bear at this time would probably fall in the 3.05-3.25% range with level debt service of approximately \$700,000 per year.

\$12 million, with 25 year level debt service plus a small buffer to rates gives an estimate of 3.625%, and debt service of approximately \$730,000 per year.

\$12 million, with 25 year level debt service plus a larger buffer to rates gives an estimate of 4.625%, and debt service of approximately \$810,000 per year.

I hope these ranges give you a better idea of what to work with, please let me know if I can provide additional backup or if you would like to discuss. Thank you,

Ryan

***Ryan S. Williams***  
AMBBA  
Phone: (907) 465-2893  
[ryan.williams@alaska.gov](mailto:ryan.williams@alaska.gov)

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**From:** Katie Koester [<mailto:kkoester@ci.homer.ak.us>]  
**Sent:** Wednesday, June 22, 2016 3:41 PM  
**To:** Williams, Ryan Sparks (DOR) <[ryan.williams@alaska.gov](mailto:ryan.williams@alaska.gov)>  
**Subject:** RE: City of Homer Bond Question - Police Station

Thank you Ryan,

Can you run one more scenario for me (I can't promise this will be the last one, but I can promise they are honing in on it).

12million, 25 year level debt service, current rate estimate+ 50bps

Just an approximate per year number puts me on the right track. We are trying to figure out the percent mechanism for paying it back (how much sales tax increase we will need).

Thanks again,

Katie