

1 **CITY OF HOMER**  
2 **HOMER, ALASKA**

3 Mayor/City Manager

4 **ORDINANCE 21-13**

5  
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA  
7 APPROPRIATING AN AMOUNT NOT TO EXCEED \$2,512,000 FROM  
8 THE NATURAL GAS DISTRIBUTION SPECIAL ASSESSMENT BOND  
9 SINKING FUND TO RETIRE THE DEBT TO THE KENAI PENINSULA  
10 BOROUGH THAT WAS UTILIZED FOR THE CONSTRUCTION OF THE  
11 HOMER NATURAL GAS DISTRIBUTION LINE.  
12

13 WHEREAS, By Ordinance 13-03(S)(2), adopted on February 25, 2013, the City of Homer  
14 (“City”) authorized the issuance of a Natural Gas Distribution Special Assessment Bond in the  
15 principal amount not to exceed \$12,700,000, and the delivery of a Loan Agreement (“Loan”)   
16 between the City and the Kenai Peninsula Borough (“Borough”); and  
17

18 WHEREAS, By Ordinance 15-17(S), adopted June 15, 2015, the City amended Ordinance  
19 13-03(S)(2) to provide for the prepayment of the principal of the Bond; and  
20

21 WHEREAS, By Ordinance 16-03(S), adopted January 25, 2016, the City amended  
22 Ordinance 13-03(S)(2) to state the Bond amount to be \$12,359,388, and to establish a Loan  
23 payment regime of making 9 equal annual payments ending in September, 2024; and  
24

25 WHEREAS, By Ordinance 16-43, adopted August 22, 2016, the City amended Ordinance  
26 13-03(S)(2) to create a special trust fund designated as the “City of Homer Natural Gas  
27 Distribution Special Assessment Bond Sinking Fund” (“Sinking Fund”) allowing for  
28 prepayment of the Loan from the Borough and recalibration of yearly payments; and  
29

30 WHEREAS, The Sinking Fund contains assessment payments, including interest,  
31 income from the Sinking Fund capital, and hypothecation of other City funds including Enstar’s  
32 payments of the Free Main Allowance (“FMA”); and  
33

34 WHEREAS, It is in the City’s best financial interest to retire the loan as soon as the debt  
35 has been reduced to be less than the Sinking Fund balance available in any calendar year; and  
36

37 WHEREAS, The funds available and projected to be collected in 2021 exceed the amount  
38 of the loan; and  
39

40 WHEREAS, Retirement of the Loan in March, 2021 will save the City a significant amount  
41 of interest that is not otherwise offset by interest earnings available to the City.  
42



43 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:  
44

45 Section 1. The City of Homer's Natural Gas Distribution Special Assessment Bond  
46 Sinking Fund schedule of payments is hereby amended by appropriating up to \$2,512,000 to  
47 retire the Loan debt obligation to the Kenai Peninsula Borough.  
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<u>Account</u>	<u>Description</u>	<u>Amount</u>
175-0375	City of Homer Natural Gas Distribution Special Assessment Bond Sinking Fund	\$2,512,000

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50  
51  
52  
53 Section 2. On or before July 1, 2021, the City Treasurer shall provide the Homer City  
54 Council with a summary compilation of the costs and cost allocations funded by, A) the Bond,  
55 and B) The Loan, and C) The Free Main Allowance, and D) uncollected assessments. Costs  
56 include the cost of construction, interest payments paid in excess of interest payments  
57 received, and any other costs that can be appropriately allocated to the project or the  
58 capitalization of the Bond or Fund.  
59

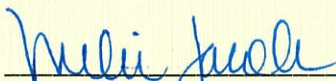
60 Section 3. This is a budget amendment ordinance only, is not permanent in nature, and  
61 shall not be codified.  
62

63 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 8<sup>th</sup> day of Mar, 2021.  
64

65 CITY OF HOMER

66   
67  
68  
69  
70 KEN CASTNER, MAYOR

71 ATTEST:

72   
73  
74 MELISSA JACOBSEN, MMC, CITY CLERK  
75

76 YES: 5  
77 NO: 0  
78 ABSTAIN: 0  
79 ABSENT: 1  
80

81 First Reading: 2-22-21  
82 Public Reading: 3-8-21  
83 Second Reading: 3-8-21  
84 Effective Date: 3-9-21

