

By: Finance Department
Amended: April 8, 2019
Adopted: April 8, 2019
Yes: Burney, Dryden, Graham, Harvey, Ledford, O'Barr
No: None
Absent: None

**City of Wasilla
Resolution Serial No. 19-09 (AM)**

A Resolution of The Wasilla City Council Amending the Terms of the \$55,000,000 City of Wasilla Revenue Bond (Southcentral Foundation Project) Series 2017; and Providing for Related Matters.

WHEREAS, the City of Wasilla (the "City") issued its \$55,000,000 Revenue Bond (Southcentral Foundation Project) Series 2017 (the "Bond") on May 10, 2017, pursuant to Resolution Serial No. 17-07, adopted on February 13, 2017; and

WHEREAS, the City sold the Bond to Wells Fargo Bank, National Association (the "Purchaser") and used the proceeds of the sale of the Bond to make a loan (the "Loan") to Southcentral Foundation, an Alaska nonprofit corporation (the "Borrower"); and

WHEREAS, the Loan is evidenced by a Financing Agreement dated as of May 1, 2017, by and between the City and the Borrower; and

WHEREAS, the Purchaser and the Borrower have requested that the City agree to make certain changes in the terms of the Bond and the Loan.

NOW, THEREFORE, BE IT RESOLVED, by the Wasilla City Council, that:

Section 1. The terms of the Bond and the Loan shall be amended as follows:

1. The method of calculating the interest rate on the Bond shall be amended by changing:
 - i. the applicable spread applicable in the determination of the interest rate, from 94 to 113.1 basis points; and

- ii. the applicable factor applicable in the determination of the interest rate, from 66.8% to 80.4%, provided that upon any change in the Maximum Federal Corporate Tax Rate the applicable factor shall mean a percentage equal to the greater of (i) one minus the Maximum Federal Corporate Tax Rate and (ii) 70%; and
- iii. the margin rate factor applicable in the determination of the interest rate, to be determined by the current Maximum Federal Corporate Tax Rate; and
- iv. the LIBOR Index Rate applicable in the determination of the interest rate, to be determined by the sum of (a) the product of the LIBOR Index multiplied by the Applicable Factor; plus (b) the product of the Applicable Spread multiplied by the Margin Rate Factor.

- 2. The changes set forth in Section 1.1 above shall be effective on such date as agreed upon the Purchaser and the Borrower, which may be a date before the adoption of Resolution Serial No. 19-09 but in no event later than July 1, 2019.

Section 2. The Mayor is hereby authorized to execute such documents as such officer considers necessary or appropriate to effect the changes to the Bond and the Loan authorized in Section 1, including without limitation documents amending the Financing Agreement and the Bond, and to take all other actions as such officer may determine to be necessary or appropriate to carry out the purposes of this Resolution.

Section 3. This resolution shall take effect upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council on April 8, 2019.



BERT L. COTTLE, Mayor

ATTEST:



JAMIE NEWMAN, MMC, City Clerk

[SEAL]

CITY COUNCIL LEGISLATION STAFF REPORT

Resolution Serial No. 19-09: A Resolution of The Wasilla City Council Amending the Terms of the \$55,000,000 City of Wasilla Revenue Bond (Southcentral Foundation Project) Series 2017; and Providing for Related Matters.

Originator: Troy Tankersley, Finance Director

Date: 3/22/2019

Agenda of: 4/8/2019

Route to:	Department Head	Signature	Date
X	Finance Director		3/21/2019
X	Deputy Administrator		3/28/19
X	City Clerk		3/28/19

Reviewed by Mayor Bert L. Cottle:  3/28/2019

Fiscal Impact: yes or no **Funds Available:** yes or no

Account name/number: N/A

Attachments: Resolution Serial No. 19-09 (2 pages)

Summary Statement: On February 13, 2017, the Wasilla City Council adopted Resolution Serial No. 17-07, authorizing the issuance and sale of \$55m in revenue bonds for a Southcentral Foundation project. This bond, a conduit debt for the City, allowed Southcentral Foundation to finance part of the cost of acquisition and construction of (i) a five-story approximately 90,000 square foot medical office building, including space for children's dental and dental training, obstetrics/gynecology, children's psychiatry and behavioral health, and children's neurological development; and (ii) an approximately 499 space seven-level parking garage; both located in Anchorage.

Resolution Serial No. 19-09 allows Southcentral Foundation to pay a lower interest rate by passing through more of Wells Fargo Bank's corporate tax structure. The current tax factor given the change in the corporate tax rate is 81.4%. Wells Fargo Bank has agreed to reduce the factor and adjust the spread to reflect the decrease to 80.4%.

Recommended Action: Adopt Resolution Serial No. 19-09.