



CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-0788

COUNCIL MEMORANDUM

NO. 92-124

FROM: Finance Director

DATE: November 2, 1992

SUBJECT: Naomi, Glenwood Paving Financing

On June 8, 1992 the Wasilla City Council created the Naomi (92P1) and Glenwood (92P2) Paving LID's. The resolutions provide that financing may come from the sale of bonds or from a loan from the City General Fund. The Administration recommended at the time that we finance with a loan from the General Fund for two reasons:

1. A very good investment (8%) for the General Fund; and
2. We eliminate bonding costs.

I believe the Administration still recommends this course.

On September 28, 1992 the Council passed Resolution No. WR92-15 directing a survey of Shadowood property owners for paving and specifically directed that bonding be used rather than a general fund loan. Is this a change of overall policy that affects Shadowood and all future LID's?

If policy has changed and Council wants to bond Naomi and Glenwood then you need to adopt the attached resolution. The graph below shows how a General Fund loan would be paid back. Also shows how the General Fund would be tied up.

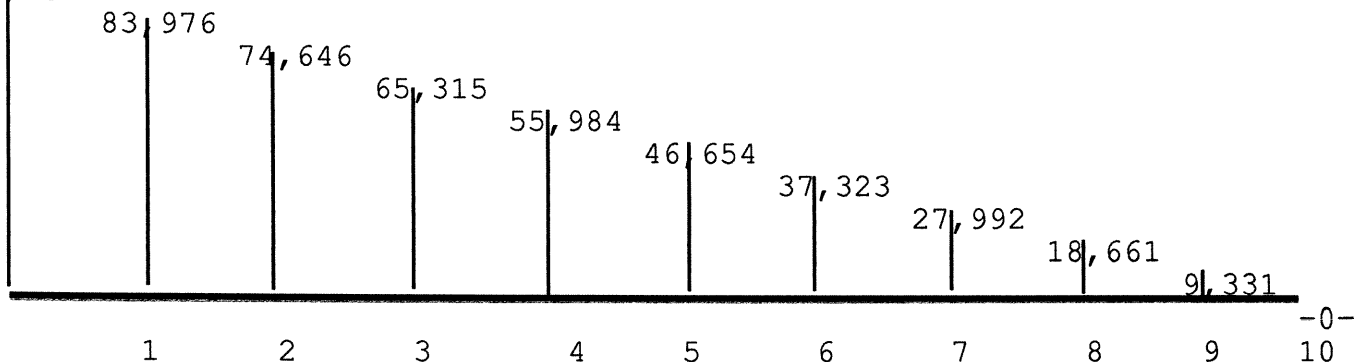
Loan or Bonded Costs

Naomi \$71,642

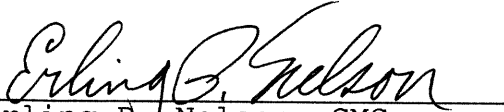
Glenwood 21,665

\$93,307

Loan
Principle
\$93,307



All idle City funds are continually invested. Certificates of Deposit are now down around 3% so 8% is a very attractive rate for the General Fund as an investment and bonding costs about \$3,500.00 would be saved. On the other hand property owners may realize a lower interest rate through bonding.


Erling P. Nelson, CMC
Finance Director

EPN/mdh

No action taken 11/9/92
Proceed as is

PRESTON ANCHORAGE 10:501 258 1028 OCT 05 92 10:11 AM 059 P.02
**PRESTON
THORGRIMSON
SHIDLER
GATES & ELLIS**


ATTORNEYS AT LAW

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Anchorage, AK 99501-1937

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MEMORANDUM

TO: Erling P. Nelson, Finance Director
City of Wasilla

FROM: Lee Sharp 

RE: Draft Resolution

DATE: October 5, 1992

Attached is a draft resolution that will meet the requirements of the IRS for bonds the city intends to issue to fund costs of the Naomi Avenue and Glenwood Avenue West special assessment districts.

In order to curb what the IRS perceived as "abuses" in the issuance of municipal bonds, the IRS has promulgated regulations relating to bonds that will be issued after the municipality has paid expenses of a project. If a municipality intends to use its own funds on a temporary basis to provide the front end funding for a project and it intends to reimburse itself for those expenditures from bond proceeds, it must adopt an "official intent" resolution prior to making such expenditures. Preliminary expenditures such as those for planning, engineering, etc., are not subject to this requirement.

If you have any questions, please do not hesitate to call me.

Enclosure

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PHONE: (907) 373-9050

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RESOLUTION NO. WR92-

A RESOLUTION OF THE CITY OF WASILLA DECLARING ITS INTENT TO ISSUE ROAD LOCAL IMPROVEMENT DISTRICT BONDS FROM WHICH IT WILL REIMBURSE ITSELF FOR EXPENDITURES INCURRED PRIOR TO THE ISSUANCE OF THE BONDS.

WHEREAS, the City of Wasilla (the Issuer) has formed Paving Assessment District 92P1 for the purpose of reconditioning and paving Naomi Avenue and has formed Paving Assessment District 92P2 for the purpose of reconditioning and paving Glenwood Avenue West; and

WHEREAS, certain expenditures for planning and capital improvements will be incurred by the City before it issues bonds for said projects;

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

Section 1. The City of Wasilla as the Issuer reasonably expects to reimburse the expenditures described herein with the proceeds of debts (the Reimbursement Bonds) to be incurred by the Issuer.

Section 2. This declaration of official intent is made pursuant to Section 1.103-18 of the Income Tax Regulations promulgated by the United States Department of Treasury.

Section 3. The maximum principal amount of Reimbursement Bonds expected to be issued is \$72,000 for the Naomi Avenue project and \$22,000 for the Glenwood Avenue West project.

Section 4. The expenditures with respect to which the Issuer reasonably expects to be reimbursed from the proceeds of the Reimbursement Bonds are for reconditioning and paving of Naomi Avenue and the reconditioning and paving of Glenwood Avenue West.

I certify that a resolution in substantially the above form was passed by a majority of those voting at a duly called and conducted meeting of the governing body of the City of Wasilla this _____ day of _____, 1992.

ATTEST:

APPROVED:

ERLING P. NELSON, CMC
City Clerk
(SEAL)

JOHN C. STEIN, Mayor