

THE CITY AND BOROUGH OF JUNEAU, ALASKA

Meeting Minutes – February 25, 2013

MEETING NO. 2013-06: The Special Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 5:45 p.m. by Mayor Merrill Sanford.

I. ROLL CALL

Assembly Present: Mary Becker, Karen Crane, Johan Dybdahl, Loren Jones, Jesse Kiehl, Jerry Nankervis, Merrill Sanford, Carlton Smith, and Randy Wanamaker.

Assembly Absent: None.

Staff Present: Kim Kiefer, City Manager; Rob Steedle, Deputy City Manager; John Hartle, City Attorney; Bob Bartholomew, Finance Director.

II. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – None.

III. SPECIAL ORDER OF BUSINESS

A. Resolution 2637

A Resolution Providing For Interest Rates For The General Obligation Bond Being Issued Through The Alaska Municipal Bond Bank.

Administrative Report: Attached. The manager recommended adoption of Resolution 2637.

Public Comment: None.

Assembly Action:

MOTION, by Dybdahl, to adopt Resolution 2637.

Mr. Hartle noted a typographical error and there was no objection to inserting the word “is” between the word “Bonds” and “hereby” in the first line of Section 1.

Mr. Wanamaker objected and said the Assembly had the responsibility to meet to approve the bonds and interest rates and should not delegate its authority.

Roll call:

Aye: Becker, Crane, Dybdahl, Jones, Kiehl, Smith, Sanford.

Nay: Nankervis, Wanamaker

Motion passed, 7 ayes, 2 nays.

B. Resolution 2638

A Resolution Providing For Interest Rates For The Hospital Revenue Refunding Bond Being Issued Through The Alaska Municipal Bond Bank.

Administrative Report: Attached. The manager recommended adoption of Resolution 2638.

Public Comment: None.

Assembly Action:

MOTION, by Dybdahl, to adopt Resolution 2638.

Mr. Jones asked for an explanation of the different interest rates from Resolution 2637 to 2638 and how any proposed savings would be achieved.

Mr. Bartholomew said the difference between Resolution 2637 with estimated total interest costs was 3.5 and Resolution 2638 with 3.65 was directly related to the issue of instead of selling 20-year bonds this would be 22 years. In Schedule A, the interest rates continue to increase so this is the overall average interest rate for the revenue bonds is slightly higher because of selling longer maturity bonds for two years. The savings was seen in the question of whether to delegate or not to delegate – the interest rate cap or estimated savings of 3.65% in the bonds was based on the maximum that the delegation allowed and it was also the maximum that it allowed the underwriter selling the bonds in the market to go to. They expect that when the bonds were sold (tomorrow) and the final schedule is sent with exactly the final interest rate for each of the maturities, they expect it to be closer to 3% or 3.1%, so that is the basis point buffer that was a compromise between the bond counsel and the financial advisor on how to ensure a lack of issues in the sale process.

Mr. Jones said the manager's report referred to a savings of \$4 million, that is at the high end sale, but if it got into 3.1%, the savings to the hospital would be higher? Mr. Bartholomew said they expected the savings to be \$4 million and would not directly correlate to the 3.65% total interest rate cost.

Mr. Jones said the savings had to be at least 8% of the \$22 million in bonds sold. Mr. Bartholomew said it was a percentage of the total outstanding principle, so it included the premium, and what they would be measuring was the change in the total debt service between the old bonds and the new bonds, and the savings was the difference in the total debt service payments. Now, while the resolution says the total minimum savings needed was 8%, the \$4 million in total savings was closer to a 12% savings.

Roll call:

Aye: Becker, Crane, Dybdahl, Jones, Kiehl, Smith, Sanford

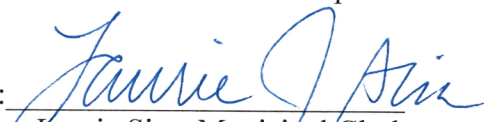
Nay: Nankervis, Wanamaker

Motion passed, 7 ayes, 2 nays.

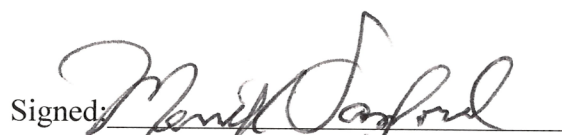
IV. ASSEMBLY COMMENTS AND QUESTIONS – None.

V. ADJOURNMENT – 5:58 p.m.

Signed:


Laurie Sica, Municipal Clerk

Signed:


Merrill Sanford, Mayor