

# KETCHIKAN CHARTER COMMISSION

## AGENDA STATEMENT

NO. I-2

MEETING OF **March 11, 2005**

### ITEM TITLE

**Amend Article XI, Section 11.04: Revenue Bonds and Borrowing**

SUBMITTED BY Glen Thompson

### SUMMARY STATEMENT

In the City's Brief, it says that there may be an error or conflict in Sections 11.01 and 11.04. "If the City's interpretation of these two sections is correct, a vote would be required before revenue bonds could be refunded. Any such requirement needs to be eliminated from the Charter. Refunds are undertaken to take advantage of favorable market conditions; i.e. lower interest rates. If a vote is required, it will be difficult, if not impossible; to refund bonds because market conditions change rapidly and quite often the window of opportunity is very limited. The City's Bond counsel has reviewed this issue and concurs with staff's assessment."

Section 11.04 states, in part: "but only when authorized by the Assembly and ratified by the voters for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the said utility or enterprise, for refunding or for purposes authorized by Section 11.03 of this Charter."

### RECOMMENDED ACTION:

"I move to amend Article XI, Section 11.04 by deleting the words "for refunding"."

### **This Charter section would read, in its entirety:**

#### **Section 11.04        Revenue Bonds and Borrowing.**

The Municipality shall have power to borrow money and to issue revenue bonds or other such evidences of indebtedness therefore, the principal and interest of which are payable solely out of, and the only security of which is, the revenues of a revenue-producing municipal utility or enterprise; but only when authorized by the Assembly and ratified by the voters for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the said utility or enterprise, [~~for refunding~~] or for purposes authorized by Section 11.03 of this Charter. Bond anticipation notes may be issued following the ratification of a bond issue and pending sale of the bonds.