

NONCODE ORDINANCE

Sponsored By: Assemblymember Yundt
Introduced: 07/16/24
Public Hearing: 08/06/24
Adopted: 08/06/24

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 24-072**

AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO ISSUE AREAWIDE GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$58,146,600, TO FINANCE THE ACQUISITION, DESIGN, CONSTRUCTION, MAJOR RENOVATION AND RENEWAL OF EDUCATIONAL AND RELATED CAPITAL IMPROVEMENT PROJECTS IN THE BOROUGH, AND TO SUBMIT THE QUESTION OF THE ISSUANCE OF SUCH BONDS TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE NOVEMBER 5, 2024, BOROUGH REGULAR ELECTION.

WHEREAS, the Matanuska-Susitna Borough Assembly recognizes the important educational choices provided by public charter schools within the Matanuska-Susitna Borough School District; and

WHEREAS, public charter school Academy Charter School desires to expand its educational program to serve additional students in its K-8 program, and to also grow its operations to begin serving students in grades 9-12. To provide more services to the existing K-8 program, and account for a new 9-12 program, the school will require an addition to support the needed education space. Academy Charter School is located on Borough owned land with no annual lease payment and the existing site has space to accommodate new facilities; and

WHEREAS, public charter school American Charter Academy is in need of a permanent facility which will better suit its educational program. The current leased facility is a converted strip mall which has many limitations connected to the school's operational

model. The current lease costs approximately \$282,000 annually. Borough owned land is already set aside for a permanent location for American Charter Academy and the school has already paid for a portion of a new school design; and

WHEREAS, public charter school Birchtree Charter School is in need of a permanent facility to support the Waldorf model of education. The current leased facilities have recently been sold which will require Birchtree to find another location for their school in any event. The current lease costs approximately \$586,000 annually. Borough owned land is already set aside for a permanent location for Birchtree Charter School; and

WHEREAS, the aforementioned public charter schools are in need of additional financial support to complete the renovations, acquisitions, or new school construction required; and

WHEREAS, the aforementioned public charter schools continue to have strong enrollment year after year, growing waitlists of students interested in attending, and have been in existence for extended periods of time; and

WHEREAS, it is the intent of the Matanuska-Susitna Borough Assembly that all of the aforementioned public charter schools contribute 12.5% of their annual operating budget to participate in paying the debt service attributable to their school regardless of whether they are currently making a lease payment, provided

that such participation will never exceed the debt payment attributable to that particular school; and

WHEREAS, the Matanuska-Susitna Borough School District has supported placing a bond proposition before the voters via Matanuska-Susitna Borough School Board Resolution 24-003; and

WHEREAS, the Matanuska-Susitna Borough Assembly recognizes the long-term benefit of owning public charter school facilities and also recognizes the benefits of being able to have facilities better suited for the educational mission of each public charter school; and

WHEREAS, a municipality may incur general obligation debt only after a bond authorization ordinance is approved by a majority of those voting on the question at an election; and

WHEREAS, additional intent, rationale, and supporting information for this ordinance is found in Informational Memorandum No. 24-132 and the discussions of the Matanuska-Susitna Borough Assembly during meetings at which the ordinance was considered.

BE IT ENACTED:

Section 1. Classification. This Ordinance is a noncode ordinance

Section 2. Authorization and Pledge. There is hereby authorized to be issued areawide general obligation bonds of the Matanuska-Susitna Borough in an amount not to exceed the sum of

Fifty Eight Million One Hundred Forty Six Thousand Six Hundred Dollars (\$58,146,600), (the "Bonds") for the purpose of paying the cost, in whole or in part, of the construction, additions, improvements, betterments, repair, reconstruction, or acquisition of the public school facilities set forth in Section 3 of this ordinance (the "Projects") and facilities related thereto in the Matanuska-Susitna Borough, together with all necessary equipment and transportation facilities, including improving school access, and (if necessary) the acquisition of lands or rights in lands in connection therewith.

The full faith and credit of the Borough shall be pledged for the payment of principal and interest on the bonds when issued and ad valorem taxes upon all the taxable property in the Borough shall be levied without limitation of rate or amount to pay the principal and interest on the bonds.

Section 3. Purpose. The Matanuska-Susitna Borough Assembly (the "Assembly") hereby determines that certain educational facilities of the Borough are in need of construction, additions, improvements, betterments, repair, reconstruction, or acquisition. The Assembly hereby determines that the best interest of the residents and property owners in the Borough require the Borough to undertake the Projects at the time and in the order and manner deemed most necessary and advisable by the Borough. The estimated cost to the Borough of the Projects, including incidental costs

and costs related to issuing and selling the Bonds as provided in this ordinance, is estimated to be \$58,146,600.

The projects consist of the following:

PROJECTS	AMOUNT
Academy Charter School	\$16,394,400
American Charter Academy	\$15,155,000
Birchtree Charter School	\$26,597,200
<u>Total</u>	\$58,146,600

The cost of all necessary planning, acquisition of property (if necessary), site preparation, construction, installing, and equipping of the Projects, architectural, engineering, design, and other consulting services, inspection and testing, administrative and legal expenses, costs of issuance of the Bonds and other costs incurred in connection with the Projects shall be deemed to be costs of the approved Projects. The Borough is hereby authorized to undertake the Projects at the time and in the order and manner deemed most necessary and advisable by the Borough. The approved Projects maybe completed with all necessary equipment and appurtenances.

The Borough shall determine the application of available money as between the various Projects so as to accomplish, as nearly as may be, all of the Projects described or provided for in this section.

If the Borough shall determine that it has become impractical to accomplish any portion of the approved Projects by reason of changed conditions or needs, incompatible development or costs

substantially in excess of those estimated, the Borough shall not be required to accomplish such portions and shall apply Bond proceeds as set forth in this section.

If the approved Projects have been completed in whole or in part, or their completion duly provided for, or their completion found to be impractical, the Borough shall apply such remaining proceeds solely to payment of principal or interest on the Bonds. In the event that the proceeds of sale of the Bonds, plus any other money of the Borough legally available, are insufficient to accomplish the approved Projects, the Borough shall use the available funds for paying the cost of those portions of the approved Projects deemed by the Borough most necessary and in the best interest of the Borough. No Bond proceeds shall be used for any purpose other than a capital improvement.

Section 4. Details of Bonds. The Bonds shall be issued upon such terms and conditions and in such form as the Borough Manager or the Borough Finance Director finds to be in the best interest of the Borough.

Section 5. Proposition. Notwithstanding MSB 3.04.115, the Borough shall submit the following proposition to the qualified voters of the Borough at the November 5, 2024, Borough regular election in substantially the following form:

PROPOSITION NO. _____
EDUCATIONAL AND RELATED CAPITAL IMPROVEMENT BONDS

This proposition authorizes the Matanuska-Susitna Borough to build the public school projects listed below and issue bonds in the amount of \$58,146,600 to pay for the schools.

Shall the Matanuska-Susitna Borough issue its areawide general obligation bonds in the aggregate principal amount of not to exceed Fifty Eight Million One Hundred Forty Six Thousand Six Hundred Dollars (\$58,146,600), for the purpose of financing the cost, in whole or in part, of the acquisition, design, construction, major renovation and renewal of educational and related capital improvements within the Borough for the following Projects in accordance with and ratifying and approving the provisions of Ordinance Serial No. 24-072?

PROJECTS	ESTIMATED COST	ESTIMATED ANNUAL COST TO TAXPAYER PER \$100,000 ASSESSED VALUE
Academy Charter School	\$16,394,400	\$9.02
American Charter Academy	\$15,155,000	\$8.36
Birchtree Charter School	\$26,597,200	\$14.02
Total	\$58,146,600	\$31.40

The bonds shall be secured by a pledge of the full faith and credit of the Borough pursuant to Ordinance Serial No. 24-072 of the Matanuska-Susitna Borough adopted by the Borough Assembly on August 6, 2024.

YES NO

Section 6. Bond anticipation notes. In the event the issuance of the Bonds is ratified at such election, the Assembly is hereby authorized to borrow money in anticipation of the sale of the Bonds and to issue bond anticipation notes in accordance with the provisions of the Alaska Statutes. The amount of such notes to be issued from time to time and the time of their issuance, the form and details of the notes and provisions for the sale thereof shall be fixed by the Assembly by resolution.

Section 7. Participation. Without limiting the pledge of the full faith and credit of the Matanuska-Susitna Borough to pay the bonds, it is the intent of the Matanuska-Susitna Borough Assembly and the public charter schools listed in the above projects will participate in payment of the annual debt service equating to 12.5% of the school's annual operating budget, provided that such participation will never exceed the debt payment attributable to that particular school. Should any individual school fail to participate, the Borough Manager is instructed to:

- 1) make full payment on the debt service; and
- 2) prepare the following year's budget with a specific line item showing a deduction in appropriation that would have been made available to the School District; and
- 3) formally request that the School District reduce the allocation for the non-participating school for that fiscal year.

Section 8. Effective Date. Sections 2, 3, 4, 6, and 7 of this ordinance shall take effect upon certification of election only if the ballot proposition contained in Section 5 of this ordinance is approved by a majority of the qualified voters voting on the proposition at the regular Borough election on November 5, 2024. The remaining sections of this ordinance take effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this 6 day
of August, 2024.


EDNA DeVRIES, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

PASSED UNANIMOUSLY: Hale, Nowers, McKee, Yundt, Fonov, and Bernier

SUBJECT: AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO ISSUE AREAWIDE GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$58,146,600, TO FINANCE THE ACQUISITION, DESIGN, CONSTRUCTION, MAJOR RENOVATION AND RENEWAL OF EDUCATIONAL AND RELATED CAPITAL IMPROVEMENT PROJECTS IN THE BOROUGH, AND TO SUBMIT THE QUESTION OF THE ISSUANCE OF SUCH BONDS TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE NOVEMBER 5, 2024, BOROUGH REGULAR ELECTION.

AGENDA OF: July 16, 2024

ASSEMBLY ACTION: Adopted without objection 08/06/24 - BJH

AGENDA ACTION REQUESTED: Introduce and set for public hearing.

Route To	Signatures
Originator	7 / 2 / 2 0 2 4 _____ X _____ N S for Assm Y undt _____ <small>Signed by: Nicholas Spiropoulos</small>
Finance Director	7 / 2 / 2 0 2 4 _____ X _____ C h e y e n n e H e i n d e l _____ <small>Signed by: Cheyenne Heindel</small>
Borough Attorney	7 / 2 / 2 0 2 4 _____ X _____ N i c h o l a s S p i r o p o u l o s _____ <small>Signed by: Nicholas Spiropoulos</small>
Borough Manager	7 / 2 / 2 0 2 4 _____ X _____ M i c h a e l B r o w n _____ <small>Signed by: Mike Brown</small>
Borough Clerk	7 / 2 / 2 0 2 4 _____ X _____ E s t e l l e W i e s e f o r L o n n i e M c . . . _____ <small>Signed by: Estelle Wiese</small>

ATTACHMENT (S): Ordinance Serial No. 24-072 (9 pp)

SUMMARY STATEMENT: This ordinance is sponsored by Assemblymember Yundt to issue general obligation bonds in the amount of \$58,146,600 to finance public charter schools and place the question before the voters at the November 5, 2024 Regular Borough Election.

The Matanuska-Susitna Borough Assembly recognizes the important educational choices provided by public charter schools within the Matanuska-Susitna Borough School District. In particular, the below public charter schools are in need of additional financial support to complete the improvements, acquisitions, or new school construction. These public charter schools continue to have strong

enrollment year after year, growing waitlists of students interested in attending, and have been in existence for extended periods of time. The Matanuska-Susitna Borough Assembly recognizes the long term benefit of owning public charter school facilities and also recognizes the benefits of being able to have facilities better suited for the educational mission of each public charter school.

It is the intent of the Matanuska-Susitna Borough Assembly that all of the public charter schools involved contribute 12.5% of their annual operating budget to participate in paying the debt service attributable to their school regardless of whether they are currently making a lease payment. As enrollment increases for each school the annual operating budget will increase and this will lead to a higher payment to participate in the debt payoff. However, such participation will never exceed the debt payment attributable to that particular school.

THE SCHOOLS

1) Academy Charter School is a public school of the Matanuska-Susitna Borough School District. Academy Charter desires to expand its educational program to serve additional students in its K-8 program, and to also grow its operations to begin serving students in grades 9-12. To provide more services to the existing K-8 program, and account for a new 9-12 program, the school will require an addition to support the needed education space. Academy Charter School is located on Borough owned land with no annual lease payment and the existing site has space to accommodate new facilities.

Over the previous 26 years, Academy Charter School has overcome many challenges to create safe classrooms for its students. They began in a leased space the first year. In the second year, the families and staff remodeled five dilapidated portable classrooms and were provided with a temporary home at the Palmer Fire Training Center. In 2001, 8 portables were moved into place at the Matanuska-Susitna Borough Maintenance Site. That location was eventually approved by the Matanuska-Susitna Borough Assembly as Academy Charter School's permanent school location. In 2005, the Alaska Legislature provided Academy Charter School with a direct \$2.5 million appropriation. In 2010, a second direct appropriation by the Alaska Legislature of \$2 million was provided. In 2012, a final direct appropriation of \$2 million was given. As a result of those allocations, a 44,560-sf building was constructed to house students attending K-8th grade. In 2022, the Matanuska-Susitna Borough School Board approved Academy Charter School to expand to include 9-12th grades. In June 2022, the State approved the expansion of Academy Charter School to include 9-12th grades.

The projected enrollment for Academy Charter School is 266 students and a waitlist of 225. The proposed new building will be 29,700 SF to allow for a total enrollment of 446 students. The added capacity for 180 additional students is will allow expansion of the K-8 program to significantly reduce the K-8 waitlist and allow for a 9-12 educational program as well. The existing site is large enough to accommodate the proposed improvements.

The current operating budget of Academy Charter School is approximately \$3,347,007. While the full faith and credit of the Matanuska-Susitna Borough will be pledged to pay the bonds, it is anticipated that at the current budget, Academy Charter School will contribute approximately \$418,376 of the total \$1,262,369 debt payment attributable to their facility. As enrollment increases, the operating budget will increase and this will lead to a higher payment to participate in the debt payoff. However, such participation will never exceed the debt payment attributable to Academy Charter School.

2) American Charter Academy is a public school of the Matanuska-Susitna Borough School District. American Charter Academy is in need of a permanent facility which will better suit its educational program. The current leased facility is a converted strip mall which has many limitations connected to the school's operational model. The current lease costs approximately \$282,000 annually. Borough owned land is already set aside for a permanent location for American Charter Academy and the school has already paid for most of a new school design.

American Charter Academy is currently housed in several units of an existing strip mall. The site is located near the intersection of the Parks Highway and Pittman Road, in Meadow Lakes. The existing building and infrastructure are inadequate to accommodate the school population. The building's condition is below established district expectations and was not originally designed to accommodate an academic institution. The staff have modified several existing spaces but are still unable to fulfill their instructional program needs. The school's parking space and grounds are severely limited and have created safety concerns that staff must continually mitigate. A new location has already been approved by the Matanuska-Susitna Borough Assembly. The new location is a 20-acre parcel, near the intersection of Church and Seldon Roads. The location allows for improved traffic circulation, student safety, and has adequate outdoor space to accommodate recreational needs.

The projected enrollment for American Charter Academy is 188 students. The proposed new building will be 29,300 SF to allow for a total enrollment of 288. With a new facility to better meet educational needs it is anticipated that demand for the school's

services will grow. It is important to note that American Charter Academy has already paid \$651,000 towards a design and thus demonstrated a willingness to participate in the project expenses.

The current operating budget of American Charter Academy is approximately \$2,739,243. While the full faith and credit of the Matanuska-Susitna Borough will be pledged to pay the bonds, it is anticipated that at the current budget, American Charter Academy will contribute approximately \$342,405 of the total \$1,172,433 debt payment attributable to their facility. Since American Charter Academy already pays \$281,596 to lease the current facilities, this contribution represents a modest increase in their payments for space as long as the bonds are being paid off. As enrollment increases, the annual operating budget will increase and this will lead to a higher payment to participate in the debt payoff. However, such participation will never exceed the debt payment attributable to American Charter Academy.

3) Birchtree Charter School is a public school of the Matanuska-Susitna Borough School District. Birchtree Charter School is in need of a permanent facility to support the Waldorf model of education. The current leased facilities have recently been sold which will require Birchtree to find another location for their school in any event. The current lease costs approximately \$586,200 annually. Borough owned land is already set aside for a permanent location for Birchtree Charter School.

Birchtree Charter School currently leases a building at 7000 E. Wonder Circle. The existing building and infrastructure are inadequate to accommodate the current population and anticipated growth. The school has grown from 200+ students in 2010, to a current enrollment of over 400 students. Two additions and two portables have been added to the original building to help meet student and program needs. The original building is of an economical design and is in a constant state of disrepair. The parking lot is inadequate for the growing population and causes safety concerns for the school and the surrounding community. Even if the building were suitable, it is of little consequence since the building has been sold and a new facility is needed. A new location has been approved by the Matanuska-Susitna Borough Assembly. The new location is a 68-acre parcel owned by the Matanuska-Susitna Borough which adjoins Shaw Elementary School. The location is in a large, wooded area that would allow for improved traffic flow and accommodate outdoor learning opportunities.

The projected enrollment for Birchtree Charter School is 430 students with a waitlist of 133. The proposed building will be 49,000 SF to allow for a total enrollment of 530 students. The added capacity will significantly decrease and possibly eliminate

the waitlist.

The current operating budget of Birchtree Charter School is approximately \$5,035,568. While the full faith and credit of the Matanuska-Susitna Borough will be pledged to pay the bonds, it is anticipated that at the current budget, Birchtree Charter School will contribute approximately \$629,446 of the total \$1,964,988 debt payment attributable to their facility. Since Birchtree Charter School already pays \$586,200 to lease the current facilities, this contribution represents a modest increase in their payments for space as long as the bonds are being paid off. As enrollment increases, the annual operating budget will increase and this will lead to a higher payment to participate in the debt payoff. However, such participation will never exceed the debt payment attributable to Birchtree Charter School.

Matanuska-Susitna Borough School District has supported placing a bond proposition before the voters via Matanuska-Susitna Borough School Board Resolution 24-003.

THE PROJECTS

The projects to be presented to the voters are as follows:

PROJECTS	ESTIMATED COST	ESTIMATED ANNUAL COST TO TAXPAYER PER \$100,000 ASSESSED VALUE
Academy Charter School	\$16,394,400	\$9.02
American Charter Academy	\$15,155,000	\$8.36
Birchtree Charter School	\$26,597,200	\$14.02
Total	\$58,146,600	\$31.40

The annual payment on the total debt service of \$58,146,600 is estimated to be approximately \$4,399,790 which corresponds to .314 mils under the FY2024 areawide real property mill rate. Since the full faith and credit of the Borough is being used to secure the bonds, the voters will be presented this information to assure the bond holders that payment will be made and, if necessary, taxes raised accordingly.

However, participation by the schools toward the debt service will be 12.5% of their annual operating budgets. Currently, this total contribution would be approximately \$1,390,227 (but this number

will grow as the schools' operating budgets grow). This equates to a .099 mil contribution from the schools. Therefore, the net increase to the areawide real property mil rate to pay for the debt service could be limited to a .215 increase. As the school enrollment increases and their budgets grow, their participation will increase. This could result in even less of an increase to the areawide real property mil rate.

RECOMMENDATION OF ADMINISTRATION: Introduce and set for public hearing.

MATANUSKA-SUSITNA BOROUGH

FISCAL NOTE

Agenda Date: July 16, 2024

SUBJECT: AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO ISSUE AREA-WIDE GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$58,146,600, TO FINANCE THE ACQUISITION, DESIGN, CONSTRUCTION, MAJOR RENOVATION AND RENEWAL OF EDUCATIONAL AND RELATED CAPITAL IMPROVEMENT PROJECTS IN THE BOROUGH, AND TO SUBMIT THE QUESTION OF THE ISSUANCE OF SUCH BONDS TO THE QUALIFIED VOTERS OF THE BOROUGH AT THE NOVEMBER 5, 2024, BOROUGH REGULAR ELECTION.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES NO
AMOUNT REQUESTED *to be determined*	FUNDING SOURCE 2024 Series GO Bonds
FROM ACCOUNT #	PROJECT
TO ACCOUNT: 410.000.000 3xx.xxx	PROJECT # TBD
VERIFIED BY: 7 / 2 / 2 0 2 4 X <u>L i e s e l W e i l a n d</u> Signed by: L i e s e l W e i l a n d	

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						
CAPITAL		TBD				
REVENUE						

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		TBD				
TOTAL		TBD				

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) * the maximum amount to be issued is \$58,146,600

APPROVED BY:	7 / 2 / 2 0 2 4
X <u>C h e y e n n e H e i n d e l</u>	

Signed by: C h e y e n n e H e i n d e l