

**POLICIES AND PROCEDURES APPLICABLE  
TO THE TREASURY DIVISION,  
DEPARTMENT OF REVENUE,  
STATE OF ALASKA**



**APPENDIX AL**

**STATE BOND COMMITTEE OF THE STATE OF ALASKA**

**Resolution No. 99-01 (Master and 1999A and 1999B)**

**Resolution No. 99-07 (1999C)**

**Resolution No. 2002-01 (2002A AMT and 2002B)**

**Resolution No. 2003-10 (2003A AMT and 2003B)**



STATE BOND COMMITTEE  
OF THE STATE OF ALASKA

RESOLUTION NO. 99-01

Providing for the Issuance of

State of Alaska International Airports System Revenue Bonds  
and of  
\$162,500,000 Principal Amount of Series 1999A Bonds  
and of  
\$16,675,000 Principal Amount of Series 1999B Bonds

Adopted January 28, 1999

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## STATE BOND COMMITTEE

### RESOLUTION NO. 99-01

**A Resolution of the State Bond Committee of the State of Alaska amending and re-stating Resolution No. 68-4; authorizing the issuance and sale of revenue bonds of the Alaska International Airports System in Series from time to time; approving certain protective covenants; authorizing the issuance of two Series of revenue bonds for the purpose of financing improvements; approving an agreement for ongoing disclosure and approving a bond purchase contract.**

WHEREAS, Chapter 88, SLA 1961, as amended (herein called the "1961 Act"), authorized the issuance and sale of revenue bonds of the State of Alaska (the "State") in an aggregate principal amount not exceeding Nine Million Two Hundred Twenty-Five Thousand Dollars (\$9,225,000) to acquire, equip, construct and install additions, improvements, extensions and facilities, all as more fully described in the Act and in this resolution, at the international airports owned and operated by the State and located at or near the cities of Anchorage and Fairbanks (defined with more particularity hereinafter as the "AIAS"); and

WHEREAS, the State Bond Committee adopted Resolution No. 68-4, authorizing the issuance of Series of airport revenue bonds in Series from time to time; adopting protective covenants for the benefit of the owner and owners of said bonds from time to time; and

WHEREAS, the State has issued and outstanding two Series of airport revenue bonds, issued in the initial principal amount of \$15,690,000 and \$34,755,000, respectively, pursuant to Supplemental Resolution No. 93-5 (together with Resolution No. 68-4, the "Outstanding Bond Resolution"), designated as the State of Alaska International Airports Refunding Revenue Bonds, Series H and the State of Alaska International Airports Refunding Revenue Bonds, Series I (collectively, the "Outstanding Parity Bonds"), under date of August 1, 1993, and currently outstanding in the aggregate principal amount of \$2,130,000 and \$29,120,000, respectively; and

WHEREAS, the payment of the principal of and interest on the Outstanding Parity Bonds was insured by a policy of municipal bond insurance issued by MBIA Insurance Corporation ("MBIA"); and

WHEREAS, the Outstanding Bond Resolution provides that MBIA shall be considered to be the owner of the Outstanding Parity Bonds for purposes of granting all consents required under the Outstanding Bond Resolution; and

WHEREAS, the 1961 Act has been amended from time to time, most recently by Chapter 41, SLA 1998 (the "1998 Authorization") and is codified as AS 37.15.410 to 37.15.550 (collectively, the "Act"); and

WHEREAS, the 1998 Authorization increased the aggregate principal amount of airport revenue bonds authorized to be issued under the Act to \$280,000,000; and

WHEREAS, the State Bond Committee, pursuant to Resolution No. 98-8, issued and sold two Series of Revenue Bond Anticipation Notes in the aggregate principal amount of \$14,300,000 and \$4,965,000, respectively, maturing on April 1, 1999 (the "1998 Notes") for the purpose of financing certain capital improvements (the "Anchorage Airport Project") to the Anchorage International Airport ("Anchorage Airport"); and

WHEREAS, Resolution No. 98-6 of the State Bond Committee appointed an underwriting team for the underwriting of the additional bonds authorized pursuant to the 1998 Authorization (the "Underwriters"); and

WHEREAS, MBIA, on behalf of the owners of the Outstanding Parity Bonds, has consented to the terms of this resolution; and

WHEREAS, the signatory airlines under the AIAS operating agreements have been given the opportunity to review and comment on drafts of this resolution and drafts of the official statement for the sale of the bonds authorized herein ("Series 1999 Bonds"); and

WHEREAS, the Underwriters have presented an offer to purchase the Series 1999 Bonds deemed to be in the best interests of the State and the AIAS;

NOW THEREFORE, BE IT RESOLVED by the State Bond Committee of the State of Alaska, as follows:

## ARTICLE I DEFINITIONS; EQUAL SECURITY

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. Unless otherwise defined in this resolution, all terms used herein shall have the meanings assigned to such terms in the Act hereinafter mentioned.

*Accreted Value* means (1) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the resolution authorizing a Series of Parity Bonds as the amount representing the initial principal amount of such Parity Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Parity Bonds plus the amount of discounted principal which has accreted since the date of issue. In each case the Accreted Value shall be determined in accordance with the provisions of the resolution authorizing the issuance of such Parity Bonds.

*Act* means Chapter 88, SLA 1961, as amended, most recently Chapter 41, SLA 1998 and codified as AS 37.15.410 to 37.15.550, inclusive, as the same may hereafter be amended or supplemented by any other statute of the State.

*Aggregate Annual Debt Service* means Annual Debt Service for all Outstanding Parity Bonds.

*AIAS* means the Alaska International Airports System, which includes the international airports owned and operated by the State and located within or near the Municipality of Anchorage and the City of Fairbanks, as the same may be amended by the Act.

*Anchorage Airport* means the Anchorage International Airport.

*Anchorage Airport Project* means the capital improvements to the Anchorage Airport, including, but not limited to, primarily renovation and construction of a new Concourse C terminal, West and Core Terminal renovation, East Terminal renovation, aircraft parking aprons, parking lots and landscaping, plus utilities, roads, construction and project management and related engineering, identified on Exhibits A and B attached hereto, which shall include the Series 1999A Components and the Series 1999B Components as therein identified.

*Annual Debt Service* means the total amount of Debt Service for any Parity Bond or Series of Parity Bonds in any Fiscal Year (for purposes of the Rate Covenant) or Base Period (for purposes of the Coverage Requirement).

*Annual Disclosure Report* has the meaning given such term in Section 8.14 of this resolution.

*Arbitrage Certificate* means the certificate of that name executed and delivered by the State at the time of issuance and delivery of the Series 1999 Bonds.

*Authorized AIAS Representative* means the person or persons designated in writing by the Commissioner of Transportation and Public Facilities.

*Average Annual Debt Service* means the aggregate dollar amount of Debt Service with respect to Parity Bonds through the scheduled maturities thereof (stated maturity dates or mandatory redemption dates with respect to term debt), divided by the number of years remaining during which Parity Bonds are scheduled to mature or be subject to mandatory redemption (commencing with the year following the year of calculation).

*Balloon Maturity Bonds* means any Parity Bonds which are so designated in the supplemental resolution pursuant to which such Parity Bonds are issued. Commercial paper (obligations with a maturity of not more than 270 days from the date of issuance) shall be deemed to be Balloon Maturity Bonds.

**Base Period** means any consecutive 12-month period selected by the State out of the 24-month period next preceding the date of issuance of Future Parity Bonds.

**Beneficial Owner** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 1999 Bonds (including persons holding Series 1999 Bonds through nominees, depositories or other intermediaries).

**Bond Fund** means the "International Airports Revenue Bond Redemption Fund" established and maintained pursuant to the Act.

**Bond Purchase Contract** means the Bond Purchase Contract for the Series 1999 Bonds, among the Underwriters and the Committee.

**Bond Register** means the registration books maintained by the Registrar setting forth the names and addresses of owners of the Bonds in compliance with Section 149 of the Code.

**Bond Resolution** means this resolution, as adopted this 28th day of January, 1999 by the Committee pursuant to the Act, or as it may from time to time be supplemented, modified or amended by any supplemental resolution entered into pursuant to the provisions hereof.

**Bond Year** means each one-year period that ends on the date selected by the State. The first and last Bond Years may be short periods. If no day is selected by the State before the earlier of the final maturity date of the Series 1999 Bonds or the date that is five years after the date of issuance of the Series 1999 Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Series 1999 Bonds.

**Capital Appreciation Bonds** means Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Bonds. If so provided in the resolution authorizing their issuance, Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed Outstanding in a principal amount equal to their Accreted Value.

**Capitalized Interest Account** means the Account of that name maintained within the Construction Fund pursuant to Section 8.07 of this resolution.

**Certificate of the Committee** and **written request of the Committee** mean, respectively, a certificate or request in writing signed by the chairman and the Secretary of the Committee, or by any two members of the Committee or officers or representatives of the State duly authorized by the Committee for that purpose. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Any certificate of the Committee may be based, in so far as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants or engineers,

unless the officer signing such certificate knows, or in the exercise of reasonable care should have known, that the opinion or representation with respect to the matters upon which such certificate may be based, as aforesaid, is erroneous. The same officer, counsel, accountant or other persons, as the case may be, need not certify to all of the matters required to be certified under any provision of the Bond Resolution, but different officers, counsel, accountants or other persons may certify to different facts, respectively.

Every certificate of the Committee and every opinion of counsel, accountants, engineer or other persons provided for herein shall include—

(1) a statement that the person making or giving such certificate or opinion has read the pertinent provisions of the Bond Resolution to which such certificate or opinion relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and

(4) with respect to any statement relating to the compliance with any provision hereof, a statement as to whether, in the opinion of such person, such provision has been complied with.

**Code** means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

**Commissioner of Revenue** means the Commissioner of the Department of Revenue of the State.

**Commissioner of Transportation and Public Facilities** means the Commissioner of the Department of Transportation and Public Facilities of the State.

**Committee** means the State Bond Committee of the State of Alaska, an agency of the State created by AS § 37.15.110, or any other committee, body, department or officer of the State which or who shall succeed to the rights, powers, duties and obligations of the State Bond Committee by act of the Legislature. As of this date, the Committee consists of the commissioner of commerce and economic development, the commissioner of administration and the commissioner of revenue.

**Computation Date** means each date selected by the State to make arbitrage rebate computations.

**Computation Period** means the period between Computation Dates.

**Construction Fund** means the International Airports Construction Fund, established by AS 37.15.420, for the purpose of receiving proceeds of bonds and notes, including Parity Bonds.

**Consultant** means at any time an independent firm, person or corporation having a widely known and favorable reputation for special skill, knowledge and experience in methods of development, operation and financing of airport facilities of approximately the same size as the properties constituting the AIAS appointed by the Committee to perform the duties of the Consultant as required by this resolution. For the purposes of delivering any certificate required by Section 2.03 hereof and making the calculation required by Section 2.03 hereof, the term Consultant shall also include any independent national public accounting firm appointed by the State to make such calculation or to provide such certificate.

**Coverage Requirement** means Net Revenues equal to or greater than 125% of Aggregate Annual Debt Service for all outstanding Parity Bonds, including Future Parity Bonds then being issued, for each of the three Fiscal Years following the earlier of (i) completion of the projects being financed with the proceeds of the Future Parity Bonds then being issued and (ii) the date on which all capitalized interest with respect to such Future Parity Bonds is expended.

**Credit Facility** means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument which obligates a third party to make payment or provide funds for the payment of financial obligations of the State, including but not limited to payment of the principal of, interest on or purchase price of a Series of Parity Bonds or meeting reserve requirements therefor.

**Credit Facility Issuer** means the issuer of any Credit Facility then in effect with respect to one or more Series of Parity Bonds.

**Debt Manager** means the person designated and acting as the Debt Manager of the Alaska Department of Revenue or his or its successor acting in that capacity.

**Debt Service** means, for any period of time,

(a) with respect to any Outstanding Original Issue Discount Bonds or Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the resolution authorizing their issuance, the principal amount of such Original Issue Discount Bonds equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Parity Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Parity Bonds, plus (3) all interest payable during such period on any such Parity Bonds Outstanding and with respect to Parity Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be

applied to the redemption or retirement of such Parity Bonds on the date specified in the resolution authorizing such Parity Bonds;

(c) with respect to all other Series of Parity Bonds Outstanding, other than Fixed Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed on the assumption that the amount of Parity Bonds Outstanding as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the resolution authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 25 years after the date of issuance to provide for essentially level annual debt service of principal and interest over such period and (ii) at an interest rate equal to the yield to maturity set forth in the 25-Revenue Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the State with the approval of the Consultant, if applicable) selected by the State and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 2.03 hereof, then within ten days of the date of such certificate; and

(d) with respect to Derivative Products, the State Payments required by contract to be paid to a Reciprocal Payor under any existing Derivative Product, offset by the Reciprocal Payments during the same period during the relevant period, on the assumption that if any such payment is not fixed at the time of execution of the Derivative Product, the amount of such payment will be calculated at the Estimated Average Derivative Rate prevailing during the remaining term of the Derivative Product.

With respect to any Parity Bonds payable in other than U. S. Dollars, Debt Service shall be calculated as provided in the resolution authorizing the issuance of such Parity Bonds.

Debt Service shall be net of any interest and/or principal funded out of Parity Bond proceeds or the proceeds of other funds or indebtedness.

Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent such reimbursement obligations are outstanding or as otherwise authorized in a resolution.

**Default** has the meaning given such term in Section 7.01 of this resolution

**Derivative Facility** means a letter of credit, an insurance policy, a surety bond or other credit enhancement device, given, issued or posted as security for obligations under one or more Derivative Products.

**Derivative Payment Date** means any date specified in the Derivative Product on which a State Payment is due and payable under the Derivative Product.

**Derivative Product** means a written contract or agreement between the State and a Reciprocal Payor, which provides that the State's obligations thereunder will be conditioned on the absence of: (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, and (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and

(a) under which the State is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the State Payments in exchange for the Reciprocal Payor's obligation to pay or to cause to be paid to the State, on the same scheduled and specified Derivative Payment Dates, the Reciprocal Payments; *i.e.*, the contract must provide for net payments;

(b) for which the State's obligations to make all or any portion of State Payments may be secured by a pledge of and lien on Revenues on a lien subordinate to the lien thereon of Parity Bonds;

(c) under which Reciprocal Payments are to be made directly into a bond fund for Parity Bonds;

(d) for which the State Payments are either specified to be one or more fixed amounts or are determined according to a methodology set forth in the Derivative Product; and

(e) for which the Reciprocal Payments are either specified to be one or more fixed amounts or are determined according to a methodology set forth in the Derivative Product.

**Derivative Product Account** means the Derivative Product Account, if any, created and established under Section 3.02(d) hereof.

**Designated Representative** means, with respect to the State, the Chairman or the Secretary of the Committee, or Debt Manager of the State.

**Discharge** occurs on the date that all amounts due under the terms of a Series 1999 Bond is actually and unconditionally due if cash is available at the place of payment, and no interest accrues with respect to such Series 1999 Bond after such date.

**DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 1999 Bonds pursuant to Section 6 hereof, or any corporate successor thereto.

**Estimated Average Derivative Rate** means:

(a) as to the variable rate payments to be made by a party under any Derivative Product,

(i) to the extent such variable rate payments have been made for a period of 12 months or more, the higher (in the case of variable rate State Payments), or the lower (in the case of variable rate Reciprocal Payments) of:

(A) the weighted average rate of interest applicable to such payments during the immediately preceding 12-month period; or

(B) the rate applicable under the related Derivative Product as of the date of determination; or

(ii) to the extent such variable rate payments have not been made for a period of 12 months or more, the most current actual rate used in calculating such variable rate payments; and

(b) as to any Derivative Products which have been authorized to be entered into by the State but have not yet been executed or become effective, the variable rate will be estimated by applying the variable rate formula specified in the contract to the most recently published rate for the floating rate index or other equivalent specified in the Derivative Product as the basis upon which the variable rate will be determined,

*provided that*, when the variable rate to be used in a Derivative Product is specified as the rate or rates applicable to one or more specified maturities of Parity Bonds, the variable rate or rates under the Derivative Product will be deemed to be the same rate or rates estimated for the specified maturity or maturities of the specified Parity Bonds, and *provided further that*, if two or more Derivative Products each specify the same index and formula for determining and setting their respective variable rates, on the same dates, and for the same periods of time, and with respect to identical derivative principal amounts, all such Derivative Products shall be deemed to have the same Estimated Average Derivative Rate, calculated in accordance with paragraphs (a)(i) and (a)(ii) of this definition and, where applicable, with respect to the first of such Derivative Products to become effective.

***Fairbanks Airport*** means the Fairbanks International Airport.

***Final Computation Date*** means the date that the last Series 1999 Bond is discharged. A Series 1999 Bond is discharged on the date that all amounts due under the terms of the Series 1999 Bond are actually and unconditionally due if cash is available at the place of payment, and no interest accrues with respect to the Series 1999 Bond after such date.

***Fiscal Year*** means any 12-month period ending on June 30 or such other date as is authorized by statute and/or selected by AIAS.

***Fitch*** means Fitch IBCA, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the Designated Representative.

**Fixed Rate Bonds** means those Parity Bonds other than Capital Appreciation Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a resolution in which the rate of interest on such Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the resolution authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

**Future Parity Bonds** means any Series of Parity Bonds issued following the date of adoption of this resolution having a lien on Net Revenue equal in priority to the lien thereon of the Outstanding Parity Bonds and the Series 1999 Bonds.

**Government Obligations** means Permitted Investments described in (2) and (7) of the definition thereof.

**Governor** means the Governor of the State.

**Independent Certified Public Accountant** means any certified public accountant or firm of such accountants appointed and paid by the State, and who, or each of whom—

- (1) is in fact independent, and not under domination of the State;
- (2) does not have any substantial interest, direct or indirect, with the State;

and

- (3) is not connected with the State as an officer or employee of the State, but who may be regularly retained to make annual or similar audits of any of the books of the State.

**Installment Computation Date** means the last day of the fifth Bond Year and of each succeeding fifth Bond Year.

**Interest Account** means the account of that name maintained in the Bond Fund pursuant to Section 3.02(a)(1) of this resolution.

**Letter of Representations** means the blanket issuer letter of representations from the State to DTC, dated August 12, 1997 or any similar written arrangement between the State and a successor depository.

**Lieutenant Governor** means the Lieutenant Governor of the State.

**Maintenance and Operation Costs of the AIAS** means the actual and necessary costs of maintaining and operating the AIAS, calculated on sound accounting principles, including (among other things) the reasonable expenses of management, repair and other expenses necessary to maintain the AIAS in good repair and working order, and reasonable amounts for administration, overhead, insurance and other similar costs, but excluding in all cases depreciation and obsolescence charges or reserves therefor, amortization of intangibles or other

bookkeeping entries of a similar nature, capital additions, replacements, betterments, extensions or improvements to the AIAS and Debt Service.

**Maximum Annual Debt Service** means, with respect to any Outstanding Series of Parity Bonds, the highest remaining Annual Debt Service for such Series of Parity Bonds.

**Moody's** means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or S&P) selected by the Designated Representative.

**MSRB** means the Municipal Securities Rulemaking Board or any successor to its functions.

**1998 Authorization** means Chapter 41, SLA 1998 approved by the Alaska State Legislature and the Governor of the State.

**1998 Authorized Bonds** means the \$179,175,000 of airport revenue bonds authorized by the 1998 Authorization to be issued.

**1998 Note Fund** means the special fund of the State designated as the "1998 Alaska International Airport Revenue Bond Anticipation Note Redemption Fund" authorized to be created by Section 5 of the 1998 Note Resolution.

**1998 Note Resolution** means Resolution No. 98-8 of the Committee.

**1998 Notes** means, collectively, the 1998A Notes and the 1998B Notes.

**1998A Components** means those portions of the Anchorage Airport Project identified on Exhibit B, attached to the 1998 Note Resolution.

**1998A Notes** means the Alaska International Airports System Revenue Bond Anticipation Notes, Series 1998A, issued pursuant to the 1998 Note Resolution.

**1998B Components** means those portions of the Anchorage Airport Project identified on Exhibit B, attached to the 1998 Note Resolution.

**1998B Notes** means the Alaska International Airports System Revenue Bond Anticipation Notes, Series 1998B (AMT), issued pursuant to the 1998 Note Resolution.

**Net Proceeds**, when used with reference to Series 1999A Bonds, means the principal amount of such Series 1999A Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any, and proceeds, if any, deposited in the Series 1999A Reserve Account.

**Net Revenues** means all of the Revenues less the Maintenance and Operation Costs of the AIAS.

**NRMSIR** means a nationally recognized municipal securities information repository for purposes of the Rule.

**Original Issue Discount Bonds** means Parity Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds in the resolution authorizing their issuance.

**Outstanding**, when used as of any particular time with reference to Parity Bonds, means (subject to the provisions of Section 8.03) all Parity Bonds theretofore executed by the State and authenticated and delivered by the Registrar under the Bond Resolution except:

(1) Parity Bonds theretofore cancelled by the Registrar or surrendered to the Registrar for cancellation;

(2) Parity Bonds for the payment or redemption of which funds in the necessary amount shall have theretofore been deposited with the Registrar (whether upon or prior to the maturity or redemption date of such Parity Bonds), provided that, if such Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Registrar shall have been made for the giving of such notice;

(3) Parity Bonds in lieu of or in substitution for which other Parity Bonds shall have been authenticated and delivered by the Registrar pursuant to Section 2.10; and

(4) Parity Bonds that have been refunded, provided that the conditions set forth in Section 2.04 shall have been satisfied with respect to such Parity Bonds.

**Outstanding Bond Resolution** means Resolution No. 68-4 of the Committee and Supplemental Resolution No. 93-5 of the Committee.

**Outstanding Parity Bonds** means the (i) State of Alaska International Airports Refunding Revenue Bonds, Series H, issued in the initial principal amount of \$15,690,000 pursuant to Supplemental Resolution No. 93-5, under date of August 1, 1993, and currently outstanding in the aggregate principal amount of \$2,130,000; and (ii) State of Alaska International Airports Refunding Revenue Bonds, Series I, issued in the initial principal amount of \$34,755,000 pursuant to Supplemental Resolution No. 93-5, under date of August 1, 1993, and currently outstanding in the aggregate principal amount of \$29,120,000.

**Owner or Parity Bondowner** means any person who shall be the bearer of any outstanding Parity Bond registered to bearer or not registered, or the registered owner of any outstanding Parity Bond which shall at the time be registered other than to bearer. **Owner**, when all Parity Bonds of a Series are held by a securities depository, means the beneficial owner of the

Series in question determined under the rules of that securities depository; otherwise "Owner" means "owner of record on the Bond Register maintained by the Registrar." To the extent that the full payment of the interest on and principal of Parity Bonds of a Series is secured by a policy of Qualified Insurance, the issuer of the policy of Qualified Insurance shall be considered to be the Owner of all the Parity Bonds of that Series for purposes of exercising any rights with respect to supplements and amendments to this resolution.

**Parity Bonds** means the State of Alaska International Airports System Revenue Bonds issued and at any time outstanding pursuant to this resolution and shall include the Outstanding Parity Bonds and any Future Parity Bonds.

**Payments** means:

- (a) Amounts actually or constructively paid to acquire an investment.
- (b) In the case of an investment that is first allocated to the Series 1999 Bonds or becomes subject to a rebate requirement on a date after it is actually acquired, the value of the investment at the beginning of the Computation Period.
- (c) In the case of an investment that was allocated to the Series 1999 Bonds at the end of the preceding Computation Period, the value of that investment at the beginning of the Computation Period.
- (d) On the last day of each Bond Year during which there are amounts allocated to the Series 1999 Bonds and subject to the rebate requirements, and on the final maturity date of the Series 1999 Bonds, a computation credit of \$1,000.
- (e) Any Yield Reduction Payments.

**Permitted Investment** means and includes any of the following obligations, including those offered by the Registrar where applicable, to the extent the same are at the time legal for investment of funds of the State under applicable law:

- (1) Cash;
- (2) Direct obligations of (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;
- (3) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(a) U.S. Export-Import Bank (Eximbank). Direct obligations or fully guaranteed certificates of beneficial ownership.

(b) Farmers Home Administration (FmHA) (now known as the United States Department of Agriculture, Rural Development). Certificates of beneficial ownership.

(c) Federal Financing Bank.

(d) Federal Housing Administration Debentures (FHA)

(e) General Services Administration. Participation certificates.

(f) Government National Mortgage Association (GNMA or "Ginnie Mae").

(g) United States Maritime Administration. Guaranteed Title XI financing.

(h) United States Department of Housing and Urban Development (HUD). Project Notes, Local Authority Bonds, New Communities Debentures – United States Government guaranteed debentures, United States Public Housing Notes and Bonds – United States government guaranteed public housing notes and bonds.

(4) U.S. dollar denominated deposit accounts, time deposits and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 30 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.) Certificates of deposit must be secured at all times by collateral described in (2) and/or (3) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(5) Commercial paper which is rated at the time of purchase in the single highest classification: "A-1+" by S&P and "P-1" by Moody's, and which have original maturities of not more than 270 days;

(6) (a) Investments in a money market funds having a rating of "AAAm", "AAAm-G" or "AA-m" or better by S&P or "Aaa", "Aa1" or "Aa2" if rated by Moody's or (b) securities or interests in any mutual fund or any open-ended or closed-ended investment company or investment trust registered under the Federal Investment Company Act of 1940, including those mutual funds or investment companies or trusts for which the Registrar or an affiliate of the Registrar serves as investment advisor, custodian, shareholder, servicing agent, transfer agent, administrator or distributor, if such mutual funds or investment companies or trusts are rated by Standard and Poor's and Moody's in its highest rating category;

(7) (a) Obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (c) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively, "United States Obligations");

(8) Federal Housing Administration debentures;

(9) The following obligations of government-sponsored agencies which are not backed by the full faith and credit of the U.S. government (stripped securities are only permitted if they have been stripped by the agency itself):

- Federal Home Loan Banks (FHL Banks) Senior debt obligations
- Federal Home Loan (FMLMC) Participation Certificates; Senior debt obligations
- Federal National Mortgage Association (FNMA) Senior debt obligations  
Mortgage-backed securities
- Student Loan Marketing Association (SLMA) Senior debt obligations
- Resolution Funding Corporation (REFCORP) debt obligations;
- Farm Credit System Consolidated system-wide bonds and notes

(10) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million;

(11) State obligations, which include:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt for which is rated in one of the two highest rating categories by Moody's and by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated;

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated in one of the two highest rating categories by S&P and by Moody's, and

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P and "Aa" or better by Moody's;

(12) Pre-funded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) The municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) The municipal obligations are secured by cash or United States Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) The principal of and interest on the United States Obligations (plus any cash in the escrow) have been verified by the report of Independent Certified Public Accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) The cash or United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) No substitution of a United States Obligation shall be permitted except with another United States Obligation and upon delivery of a new Verification; and

(f) The cash or United States Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(13) Repurchase agreements with any domestic bank with debt rated "AA" or better by S&P, or any foreign bank rated at least "AA" by S&P and "Aa" by Moody's, or with any broker-dealer with "retail customers" which has, or the parent company of which has, long-term debt rated at least "AA" by S&P and "Aa" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corp. (SIPC); provided that such repurchase agreements meet the following requirements:

(a) The market value of the collateral is maintained for United States Treasury Securities (and other United States Obligations acceptable to Credit Facility Issuer) at levels acceptable to the Credit Facility Issuer;

(b) Failure to maintain the requisite collateral percentage will require the Registrar to liquidate the collateral;

(c) The Registrar or a third party acting solely as agent for the Registrar has possession of the collateral or the collateral has been transferred to the Registrar in accordance with applicable state and federal laws (other than by means of entries on the repurchase agreement entity's books) at or before the time of payment;

(d) The repurchase agreement shall state and an opinion of counsel shall be rendered that the Registrar has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof and to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds (in the case of bearer securities, this means the trustee is in possession);

(e) The collateral is free and clear of any third-party liens or claims;

(f) An opinion is rendered that the repurchase agreement is a "repurchase agreement" as defined in the United States Bankruptcy Code;

(g) There is or will be a written agreement governing every repurchase agreement transaction;

(h) The Registrar represents that it has no knowledge of any fraud involved in the repurchase agreement transaction;

(i) The Registrar receives the opinion of counsel (which opinion shall be addressed to the State and the Registrar) that such repurchase agreement as legal, valid and binding and enforceable upon the provider in accordance with its terms, and that the repurchase agreement is a lawful investment for funds of the State;

(14) Collateralized guaranteed investment contracts meeting the criteria then required by the issuer of any Credit Facility then in effect with respect to Parity Bonds Outstanding; and

(15) State investment pools described in Section 3.03.

**Private Person** means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

**Private Person Use** means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such

use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

**Qualified Insurance** shall mean any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, is rated in the highest rating category by any Rating Agency.

**Qualified Letter of Credit** means any irrevocable letter of credit issued by a financial institution, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is rated in one of the two highest long term Rating Categories by one or more of the Rating Agencies.

**Rate Covenant** means Net Revenues in each Fiscal Year during which Parity Bonds remain outstanding at least equal to 1.25 times the sum of the Aggregate Annual Debt Service plus any deposits required to be made during such Fiscal Year to establish or maintain the Reserve Requirement and the minimum balance required to be maintained the Repair and Replacement Reserve Account.

**Rating Agencies** means Moody's, S&P and Fitch or their respective successors and assigns and/or such other securities rating agency selected by the State to provide a rating with respect to a Series of Parity Bonds, or any portion thereof, which Rating Agency, as of the applicable date, shall have assigned a rating to any Series of Parity Bonds or any portion thereof.

**Rating Category** means a generic rating category of the Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

**Rebatable Arbitrage** means the payment obligations of the State, with respect to the Series 1999 Bonds, calculated as provided in the Arbitrage Certificate and Section 8.09 of this resolution.

**Receipts** mean:

(a) Amounts actually or constructively received with respect to an investment such as earnings and return of principal.

(b) In the case of an investment that ceases to be allocated to the Series 1999 Bonds before its disposition or redemption date, the value of that investment on the date it ceases to be allocated to the Series 1999 Bonds.

(c) In the case of an investment that is held at the end of any Computation Period, the value of that investment at the end of the Computation Period.

**Reciprocal Payment** means any payment to be made to, or for the benefit of, the State under a Derivative Product by the Reciprocal Payor.

**Reciprocal Payor** means any bank or corporation, partnership or other entity which is a party to a Derivative Product and which is obligated to make one or more Reciprocal Payments thereunder.

**Registered Owner** means the person named as the registered owner of a Parity Bond in the Bond Register.

**Registered Owners' Trustee** means the bank or trust company acting in such capacity pursuant to the terms of Section 7.01 hereof.

**Registrar** means Chase Manhattan Trust Company, National Association, Seattle, Washington, appointed by the Committee in Section 5.01 and acting as an independent Registrar with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 5.01.

**Repair and Replacement Reserve Account** means the account of that name maintained in the Revenue Fund pursuant to Section 3.02(b) of this resolution.

**Reserve Account** means the account of that name maintained in the Bond Fund pursuant to Section 3.02(a)(3) of this resolution.

**Reserve Account Requirement** means the lowest of (i) Maximum Annual Debt Service with respect to all Parity Bonds; (ii) 125% of Average Annual Debt Service with respect to all Parity Bonds; and (iii) 10% of the initial principal amount of each Series of Parity Bonds then Outstanding.

**Retirement Account** means the account of that name maintained in the Bond Fund pursuant to Section 3.02(a)(2) of this resolution.

**Revenue Fund** means the special fund created by the Act and known as the "International Airports Revenue Fund" into which all Revenues are required to be deposited.

**Revenues** means all revenues, fees, charges and rentals derived by the State or State corporations from the ownership, lease, use and operation of the AIAS and all of the facilities and improvements thereof and facilities and improvements used in connection therewith. The term "Revenues" includes all income and profit derived from the investment of moneys in any funds or accounts created by the Act (except the Construction Fund) or established pursuant to the Bond Resolution; it does not include the proceeds of any State tax or license. If and to the extent permitted by the Act, the term Revenues shall exclude

(1) the proceeds of any borrowing by the State and the earnings thereon (other than earnings on proceeds deposited in the Reserve Account);

(2) income and revenue which may not legally be pledged for revenue bond debt service;

(3) passenger facility charges, head taxes, federal grants or substitutes therefor allocated to capital projects;

(4) payments made under Credit Facilities issued to pay or secure the payment of a particular Series of Parity Bonds;

(5) proceeds of insurance or condemnation proceeds other than business interruption insurance;

(6) income and revenue of the State separately pledged and used by it to pay and secure the payment of the principal of and interest on any issue or series of Special Revenue Bonds of the State issued to acquire, construct, equip, install or improve part or all of the particular facilities from which such income and revenue are derived, provided that nothing in this subparagraph (6) shall permit the withdrawal from Revenue of any income or revenue derived or to be derived by the State from any income producing facility which shall have been contributing to Revenue prior to the issuance of such Special Revenue Bonds; and

(7) income from investments irrevocably pledged to the payment of bonds issued or to be refunded under any refunding bond plan of the State.

Notwithstanding the foregoing, the State may elect to include other receipts (e.g. passenger facility charges) at any time as additional security or additional Revenue for any one or more series of obligations.

**Rule** means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**S&P** means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns, except that if such corporation or division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) selected by the Designated Representative.

**SEC** means the Securities and Exchange Commission.

**Series** means an issue of Parity Bonds, identified by a separate Series designation.

**Series 1999 Bonds** means the Series 1999A Bonds and the Series 1999B Bonds.

**Series 1999 Bond Insurer** means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

**Series 1999A Bond Insurance Policy** means the financial guaranty insurance policy issued by the Series 1999 Bond Insurer insuring the payment when due of the principal of and interest on the Series 1999A Bonds as provided therein.

**Series 1999A Bonds** means the State of Alaska International Airports System Revenue Bonds, Series 1999A, the issuance and sale of which is authorized by this resolution.

**Series 1999A Components** means the components of the Anchorage Airport Project identified on Exhibit A attached hereto and shall include the 1998B Components.

**Series 1999B Bond Insurance Policy** means the municipal bond insurance policy issued by the Series 1999 Bond Insurer insuring the payment when due of the principal of and interest on the Series 1999B Bonds as provided therein.

**Series 1999B Bonds** means the State of Alaska International Airports System Revenue Bonds, Series 1999B, the issuance and sale of which is authorized by this resolution.

**Series 1999B Components** means all components of the Anchorage Airport Project that are not classified as 1999A Components and shall include the 1998A Components.

**Series 1999 Surety Bond Issuer** means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York.

**SID** means any public or private repository or entity designated by the State of Alaska as the state repository for the purposes of the Rule and recognized as such by the SEC. As of the date of adoption of this resolution, there is no such state repository.

**Special Facilities** means particular facilities situated on the properties owned by the AIAS and financed with the proceeds of Special Revenue Bonds.

**Special Revenue Bonds** means any issue or series of revenue bonds, revenue warrants or other revenue obligations of the State issued to directly or indirectly acquire (by purchase, lease or otherwise), construct, equip, install or improve part or all of Special Facilities and which are payable from and secured by the income and revenue derived from the use, lease or operations of such Special Facilities.

**State** means the State of Alaska.

**State Payments** means any payment, other than a termination payment or payment occurring as a result of default or expense payment, required to be made by or on behalf of the State under a Derivative Product and which is determined according to a formula set forth in a Derivative Product.

**Supplemental Resolution** means any resolution then in full force and effect which has been duly adopted by the Committee under the Act, or any act supplementary thereto or amendatory thereof, at a meeting of the Committee duly convened and held, at which a quorum

was present and acted thereon, amendatory of or supplemental to this resolution; but only if and to the extent that such supplemental resolution is specifically authorized hereunder.

***Surplus Revenues*** means any moneys remaining in the Revenue Fund, on the fifth business day of any month, after the requirements of subsections (b) and (c) of Section 3.02 have been satisfied.

***Underwriters*** means, with respect to the Series 1999 Bonds, collectively, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Lehman Brothers Inc., PaineWebber Incorporated, Prudential Securities Incorporated and Salomon Smith Barney.

***Yield Reduction Payments*** mean payments made to the United States with respect to the Series 1999 Bonds in the manner permitted by Internal Revenue Service regulations that reduce the yield on investments.

SECTION 1.02. Rules of Construction. The following rules of construction shall be applied to the Bond Resolution.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Bond Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to the Bond Resolution as a whole and not to any particular Article, Section or subdivision hereof.

(d) In the Bond Resolution, the words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the form of Parity Bond) refer to the entire Bond Resolution.

(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action hereunder by the AIAS shall, unless the form thereof is specifically provided, be in writing signed by the Authorized AIAS Representative.

SECTION 1.03. Equal Security. In consideration of the acceptance of the Parity Bonds by those who shall hold the same from time to time, the Bond Resolution shall constitute a contract between the State and the owners from time to time of the Parity Bonds and interest coupons appertaining thereto, and the covenants and agreements herein set forth to be performed on behalf of the State shall be for the equal and proportionate benefit, security and protection of all owners of the Parity Bonds and interest coupons without preference, priority or distinction as

to security or otherwise of any of the Parity Bonds or interest coupons over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided in the Parity Bonds or in the Bond Resolution.

## ARTICLE II PARITY BONDS; SERIES

SECTION 2.01. Authorization. Parity Bonds may be issued hereunder from time to time in order to obtain funds for purposes authorized by the Act. The maximum principal amount of Parity Bonds which may be issued hereunder is not limited; subject, however, to the right of the State, which is hereby reserved, to limit or restrict the aggregate principal amount of Parity Bonds which may at any time be issued and outstanding hereunder. The Parity Bonds are designated generally as the "State of Alaska International Airports System Revenue Bonds." The Parity Bonds may be issued in such Series as from time to time shall be authorized by or pursuant to the Act and established by the Committee, and the Bond Resolution constitutes a continuing agreement with the owners of all of the Parity Bonds issued or to be issued and at any time outstanding to secure the full and final payment of the principal of and premium, if any, and the interest on all Parity Bonds which may from time to time be executed and delivered hereunder; subject to the covenants, agreements, provisions and conditions herein contained.

Parity Bonds and the lien thereof created and established hereunder shall be obligations only of the special fund(s) established in the supplemental resolution authorizing their issuance. Parity Bonds shall be payable solely from and secured solely by Revenues as provided in Article III of this resolution; *provided, however*, that any Series of Parity Bonds also may be payable from and secured by a Credit Facility pledged specifically to or provided for that Series of Parity Bonds or may be issued or maintained in conjunction with a Derivative Product.

From and after the time of issuance and delivery of the Parity Bonds of each Series and so long thereafter as any of the same remain Outstanding, the State hereby irrevocably obligates and binds itself to set aside and pay into the Bond Fund out of Revenues, on or prior to the date on which the interest on or principal of and interest on the Parity Bonds shall become due, the amount necessary to pay such interest or principal and interest coming due on the Parity Bonds of such Series.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon Revenues superior to all other charges of any kind or nature whatsoever except for charges equal in rank that may be made thereon to pay and secure the payment of the principal of and interest on other Series of Parity Bonds issued under authority of a supplemental resolution in accordance with the provisions of Sections 2.02 and 2.03 of this resolution.

Parity Bonds shall not in any manner or to any extent constitute general obligations of the State or of any political subdivision of the State of Alaska.

SECTION 2.02. Issuance of Additional Series of Future Parity Bonds. The State may issue hereunder from time to time one or more Series of Parity Bonds by means of a supplemental resolution for any purpose of the State now or hereafter permitted by law, provided that the State shall comply with the terms and conditions for the issuance of Parity Bonds hereinafter set forth in this Section 2.02 and in Section 2.03 hereof.

Each Series of Parity Bonds shall be authorized by a supplemental resolution which shall, among other provisions, specify and provide for:

- (a) the authorized principal amount, designation and Series of such Parity Bonds;
- (b) the general purpose or purposes for which such Series of Parity Bonds is being issued, and the deposit, disbursement and application of the proceeds of the sale of the Parity Bonds of such Series;
- (c) the date or dates, and the maturity date or dates, of the Parity Bonds of such Series, and the principal amount maturing on each maturity date;
- (d) the interest rate or rates on the Parity Bonds of such Series (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates;
- (e) the circumstances, if any, under which the Parity Bonds of such Series will be deemed to be no longer Outstanding;
- (f) the currency or currencies in which the Parity Bonds of such Series are payable;
- (g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Parity Bonds of such Series;
- (h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Parity Bonds of such Series;
- (i) the tender agent or tender agents, if any, for the Parity Bonds of such Series and the duties and obligations thereof;
- (j) the remarketing agent or remarketing agents, if any, for the Parity Bonds of such Series and the duties and obligations thereof;
- (k) the registrar or trustee, if any, for the Parity Bonds of such Series and the duties and obligations thereof;

(l) the form or forms of the Parity Bonds of such Series and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Parity Bonds of such Series;

(m) the terms and conditions, if any, for the redemption of the Parity Bonds of such Series prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;

(n) the terms and conditions, if any, for the purchase of the Parity Bonds of such Series upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms;

(o) the manner of sale of the Parity Bonds of such Series, with or without a premium or a discount;

(p) if so determined by the State, the authorization of and any terms and conditions with respect to credit or liquidity support for the Parity Bonds of such Series and the pledge or provision of moneys, assets or security other than Revenues to or for the payment of the Parity Bonds of such Series or any portion thereof;

(q) a subaccount within the Reserve Account for the Parity Bonds of such Series and the application of moneys or securities therein; and

(r) any other provisions which the State deems necessary or desirable in connection with the Parity Bonds of such Series.

SECTION 2.03. Parity Bonds.

(a) *Limitations on Issuance of Parity Bonds.* All Parity Bonds authorized to be issued under Section 2.01 of this resolution shall have an equal lien and charge upon the Revenues upon fulfillment of the conditions of this resolution, whether at the time of authorization or issuance of such Parity Bonds. Except as provided in subsection (b) below, the State shall not issue any Series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Revenues (*i.e.*, on a parity of lien with Parity Bonds at the time Outstanding) unless:

(1) The issuance of the additional Series of Future Parity Bonds shall have been authorized by legislation amending or supplementing the Act.

(2) Such additional Series of Future Parity Bonds shall have been authorized to pay the costs of acquiring, equipping, constructing or installing additions and improvements to and extensions of the AIAS, facilities for the landing, parking, loading, storing, repairing, safety or utility of aircraft at the AIAS or passenger, freight or terminal facilities, including safety equipment and devices, at the AIAS, found to be necessary by the

Commissioner of Transportation and Public Facilities and constituting a project authorized by the Act.

(3) The State shall be in compliance with all covenants set forth in the Bond Resolution or will be in compliance when the Future Parity Bonds are issued.

(4) There shall have been filed a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Coverage Requirement.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(4) shall not be required as a condition to the issuance of Future Parity Bonds:

(1) if the Future Parity Bonds are for the purpose of refunding Outstanding Parity Bonds upon compliance with the provisions of Section 2.04 of this resolution; or

(2) if the Future Parity Bonds are being issued to pay costs of facilities for which Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of a Designated Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such facilities has not materially changed.

(c) *Certificate of the State Without A Consultant.* If required pursuant to the foregoing subsection (a)(4), a certificate may be delivered by the State without a Consultant if Net Revenues for the Base Period (confirmed by an independent auditor) conclusively demonstrate compliance with the Coverage Requirement.

(d) *Certificate of a Consultant.* Unless compliance with the requirements of subsection (a)(4) have been otherwise satisfied (as provided in (b) or (c) above), compliance with the Coverage Requirement of this Section 2.03 shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Coverage Requirement of this Section 2.03, the Consultant shall use as a basis the Net Revenues for the Base Period. In making such computations the Consultant shall make such adjustments to Net Revenues as he deems reasonable.

**SECTION 2.04. Refunding Parity Bonds.** The State, by means of a supplemental resolution adopted in compliance with the provisions of Section 2.02 hereof, may issue refunding Future Parity Bonds hereunder as follows:

(a) *Refunding of Parity Bonds.* Future Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) Parity Bonds, including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of

redemption (or purchase) and the expenses of issuing such Future Parity Bonds to purchase or refund the same and of effecting such refunding upon delivery of a certificate as provided in Section 2.03 hereof. Such refunding Future Parity Bonds also may be issued without a certificate if the Maximum Annual Debt Service on all Parity Bonds to be Outstanding after the issuance of the refunding Future Parity Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to occur and total debt service has been reduced.

(b) *Refunding of Other Bonds.* Future Parity Bonds may be issued at any time for the purpose of refunding (including by purchase) any other bonds of the State (issued for the AIAS), including amounts to pay principal thereof and redemption premium, if any, and interest thereon to the date of redemption of such bonds (or purchase) and the expenses of issuing the Future Parity Bonds to purchase or refund the same and of effecting such refunding; provided, however, that prior to the issuance of such Future Parity Bonds the State must provide a certificate if required by Section 2.03 hereof.

(c) *Refunding of Parity Bonds within One Year of the Maturity Thereof.* Future Parity Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity, any Parity Bonds for the payment of which sufficient Net Revenues or other moneys are not available, without the requirement of a certificate pursuant to Section 2.03 hereof.

SECTION 2.05. Validity of Parity Bonds. The validity of the authorization and issuance of the Parity Bonds shall not be affected in any way by any proceedings taken by the State for the acquisition or construction of the additions, improvements, extensions or facilities for which the Parity Bonds are issued or by any contracts made by the State in connection therewith. The recital contained in the Parity Bonds that the same are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance in conformity with the Act.

SECTION 2.06. Special Facilities Bonds. The State hereby reserves the right to issue, from time to time, in one or more series, Special Facilities Bonds as herein provided to finance and refinance Special Facilities, including all reserves required therefor, all related costs of issuance and other amounts reasonably relating thereto, provided that such Special Facilities Bonds shall be payable solely from payments arising from the use, operation, lease of Special Facilities or any source other than money provided by the State. In no event shall any Revenues or any other amounts held in any other fund or account maintained by the State as security for Parity Bonds or for the construction, operation, maintenance or repair of the AIAS be pledged to the payment of Special Facilities Bonds or to the payment of any lessee expense for maintenance and operation of Special Facilities.

### ARTICLE III REVENUES

SECTION 3.01. Pledge of Revenues; Revenue Fund. All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Parity Bonds, and Revenues shall not be used for any other purpose while any of the Parity Bonds

remain outstanding; except that out of Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 3.02. Said pledge shall constitute a first lien on the Revenues for the payment of the Parity Bonds in accordance with the terms thereof.

All Revenues shall be deposited in the special fund created by the Act and known as the "International Airports Revenue Fund" (herein called the "Revenue Fund"), which shall be completely segregated and set apart from all other funds of the State and shall be maintained by the State so long as any of the Parity Bonds are Outstanding. All moneys at any time deposited in the Revenue Fund shall be held in trust for the benefit of the owners from time to time of the Parity Bonds and the coupons appertaining thereto, and shall be disbursed, allocated and applied solely for the uses and purposes set forth in Section 3.02.

SECTION 3.02. Allocation of Moneys in Revenue Fund. All moneys in the Revenue Fund shall be set aside in the State Treasury, or deposited by the State with the Registrar, as hereinafter specified, in the following order of priority in the following respective special funds and accounts, each of which the State hereby covenants to establish and maintain, and shall be held in trust by the State or by the Registrar in such funds and accounts and disbursed and applied only for the purposes hereinafter authorized:

(a) *Flow of Funds.* All Revenues shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the State Treasury, and the Revenues deposited therein shall be used only for the following purposes and in the following order of priority:

First, to be deposited in the Interest Account for the payment of interest on Parity Bonds;

Second, to be deposited in the Retirement Account for the payment of principal of and redemption premium for Parity Bonds;

Third, to be deposited in the Reserve Account to establish and maintain the Reserve Requirement;

Fourth, to be deposited in the Repair and Replacement Reserve Account in order to maintain the balance required therein by subsection (c) of this Section 3.02;

Fifth, to pay Maintenance and Operating Costs of the AIAS and all improvements and facilities thereof;

Sixth, to pay the costs of renewals, replacements and extraordinary repairs to the AIAS and all of the improvements and facilities thereof;

Seventh, to be deposited in any debt service fund for subordinate lien debt (to the extent permitted by the Act);

Eighth, to be deposited into any reserve account for subordinate lien debt (to the extent permitted by the Act);

Ninth, to redeem before their fixed maturities any and all revenue bonds issued for the purposes of the AIAS, to acquire, construct and install necessary additions and improvements to and extensions of and facilities for the AIAS and all of their facilities, and to pay any and all other costs relating to the ownership, use and operation of the AIAS; and

Tenth, for any other purpose permitted by the Act as it is then in effect including any amendments thereto which may hereafter be adopted. Specifically, to the extent permitted by the Act, Maintenance and Operating Costs shall be paid prior to principal and interest on Parity Bonds, and the payment of such Maintenance and Operating Costs shall be made as a first priority under this Section 3.02(a).

(b) *International Airports Revenue Bond Redemption Fund.* The special fund of the State created by the Act and known as the "International Airports Revenue Bond Redemption Fund" (herein called the "Bond Fund") shall be held by the Registrar, which shall establish accounts within said Fund designated as the Interest Account, the Retirement Account and the Reserve Account.

(1) Interest Account. The State shall deposit from the Revenue Fund with the Registrar in the Interest Account commencing with the month of issuance of the Series of Parity Bonds, in approximately equal monthly installments on or before the fifth business day of each month (provided that the initial monthly deposit may be made on such later date prior to the close of the month following the date of issuance of a Series of Parity Bonds), an amount equal to at least one-sixth of the aggregate amount of interest becoming due and payable on all outstanding Parity Bonds during the next ensuing six months, until the requisite amount of interest on all of the outstanding Parity Bonds is on deposit in such fund. Amounts previously deposited in the Interest Account from accrued interest received upon the sale of Parity Bonds or from transfers from the Construction Fund for interest during construction shall be credited against such installments, and the amount of any such installment to be deposited from the Revenue Fund shall be correspondingly reduced. No deposit need be made in the Interest Account if the amount contained therein is at least equal to the interest to become due in the next ensuing six months upon all of the Parity Bonds then Outstanding. Moneys in the Interest Account shall be used and withdrawn by the Registrar solely for the purpose of paying the interest on the Parity Bonds as it shall become due and payable (including accrued interest on any Parity Bonds purchased or redeemed prior to maturity pursuant to the Bond Resolution).

(2) Retirement Account. The State shall deposit from the Revenue Fund with the Registrar in the Retirement Account, in approximately equal monthly installments on or before the fifth business day of each month, following the date of delivery of any Parity Bonds, an amount at least equal to the sum of (A) one-twelfth of the aggregate yearly amount of principal becoming due and payable on the outstanding serial Parity Bonds during the next ensuing twelve months and (B) at least one-twelfth of any minimum sinking fund payment required on any minimum sinking fund payment date occurring within the next ensuing twelve months. (In the event that the first maturity date or the first minimum sinking fund payment date

with respect to any Series of Parity Bonds shall be less than twelve months after the date of delivery of said Series of Parity Bonds, such deposits in the Retirement Account during the period between said date of delivery and said first maturity date or first minimum sinking fund payment date shall be in such monthly amounts, larger than those provided by the foregoing sentence, as may be necessary to assure that there will be on hand in the Retirement Account on said maturity date or minimum sinking fund payment date an amount sufficient to pay the principal or minimum sinking fund payment then due.) No deposit need be made in the Retirement Account if the amount contained therein is sufficient (i) to pay the principal of all serial Parity Bonds then outstanding maturing by their terms in the next ensuing twelve months and (ii) to provide any such minimum sinking fund payment required or any minimum sinking fund payment date occurring within the next ensuing twelve months. Moneys in the Retirement Account shall be used and withdrawn by the Registrar solely for the purpose of paying the principal of the Parity Bonds as they become due and payable or for the purchase or redemption of term Parity Bonds prior to their fixed maturity date.

(3) Reserve Account. A Reserve Account (the "Reserve Account") is hereby authorized to be created for the purpose of securing the payment of the principal of, premium, if any, and interest on all Parity Bonds.

The State hereby covenants and agrees that on the date of issuance of each Series of Parity Bonds, the State will assure that the amount on hand in the Reserve Account shall be sufficient to meet the Reserve Account Requirement.

The Reserve Account Requirement shall be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. To the extent that the State obtains a Qualified Letter of Credit or Qualified Insurance in substitution for cash or securities in the Reserve Account, all or a portion of the money on hand in the Reserve Account shall be transferred to the Retirement Account. In computing the amount on hand in the Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at market at least annually. The market value of securities then credited to the Reserve Account shall be determined and any deficiency in the Reserve Account shall be made up in equal installments within six months after the date of such valuation. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Reserve Account may be satisfied by the transfer of qualified investments to such account.

If the balance on hand in the Reserve Account is sufficient to satisfy the Reserve Requirement, interest earnings shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all Outstanding Parity Bonds, the money in the Reserve Account may be used to pay such principal, premium, if any, and interest. So long as the money left remaining on deposit in the Reserve Account is equal to the Reserve Requirement, money in the Reserve Account shall be transferred to the Retirement Account. The State also may transfer out of the Reserve Account any money required in order to prevent any Parity Bonds from becoming "arbitrage bonds" under the Code.

If a deficiency in the Interest Account or the Retirement Account shall occur immediately prior to a debt service payment date with respect to Parity Bonds, such deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Reserve Account, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency with respect to the Parity Bonds, and if a deficiency still exists immediately prior to a debt service payment date and after the withdrawal of cash, the State shall then draw from any Qualified Letter of Credit or Qualified Insurance for the Parity Bonds in sufficient amount to make up the deficiency. Drawings under Qualified Insurance and Qualified Letters of Credit shall be made on a pro-rata basis (in proportion to the respective maximum coverage(s) available under Qualified Insurance and Qualified Letters of Credit). Such draw shall be made at such times and under such conditions as such Qualified Letter of Credit or such Qualified Insurance shall provide. Reimbursement shall be made over a twelve-month period to the issuer of any Qualified Letter of Credit or Qualified Insurance in accordance with the reimbursement agreement related thereto, and after making necessary provision for the payments required to be made in paragraphs First and Second of Section 3.02(a) of this resolution. If the State shall have failed to make any payment required to be made under such reimbursement agreement for the Parity Bonds, the issuer shall be entitled to exercise all remedies available at law or under this resolution; provided, however, that no acceleration of the Parity Bonds shall be permitted, and no remedies which adversely affect Registered Owners of the Parity Bonds shall be permitted. Any deficiency created in the Reserve Account by reason of any such withdrawal shall be made up from the next available Revenue but in no event later than within one year from Qualified Insurance or a Qualified Letter of Credit or out of Net Revenues (or out of other money on hand and legally available for such purpose) after making necessary provisions for the payments required to be made into the Interest Account and Retirement Account within such year.

In making the payments and credits to the Reserve Account required by this Section 3.02(b)(3), to the extent that the State has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account by this Section 3.02(b)(3) to the extent that such payments and credits to be made are to be made or insured by Qualified Insurance, or are to be made or guaranteed by a Qualified Letter of Credit. In the event of termination of a Qualified Letter of Credit or if the issuer of the Qualified Insurance or the Qualified Letter of Credit shall be insolvent or no longer in existence, the Reserve Requirement shall be satisfied (A) in equal monthly payments, within six months after the insolvency or incapacity, but no later than the date of cancellation or termination, with cash or with other Qualified Insurance or another Qualified Letter of Credit, or (B) in equal monthly payments, within six months after the insolvency of the issuer of a Qualified Letter of Credit or Qualified Insurance or termination of a Qualified Letter of Credit, out of Net Revenues (or out of other money on hand and legally available for such purpose) after making necessary provisions for the payments required to be made into the Interest Account and Retirement Account.

(c) *Repair and Replacement Reserve Account.* The State shall establish a separate account, within the Revenue Fund, designated the "Repair and Replacement Reserve

Account," which shall be maintained so long as any of the Parity Bonds are outstanding. On or before the fifth business day of each month, the State shall transfer from the Revenue Fund to the Repair and Replacement Reserve Account an amount equal to one percent (1%) of the Revenues received during the month preceding the month last ended, until such time as the balance in the Repair and Replacement Reserve Account shall equal five hundred thousand dollars (\$500,000). Thereafter, the State shall transfer from the Revenue Fund to the Repair and Replacement Reserve Account, on or before the fifth business day of each month, such sums, up to one percent (1%) of the Revenues received during the month preceding the month last ended, as may be necessary to restore and maintain a balance of five hundred thousand dollars (\$500,000) in the Repair and Replacement Reserve Account. In the event that the amount in the Reserve Account shall at any time be reduced below the balance required to be maintained therein, the State shall transfer moneys from the Repair and Replacement Reserve Account to the Registrar for deposit in the Reserve Account to the extent necessary to eliminate such deficiency. Subject to the foregoing, moneys in the Repair and Replacement Reserve Account shall be used only to pay the costs of extraordinary repairs, renewals and replacements of facilities of the AIAS to the extent that (i) such costs are not provided for by the proceeds of insurance and (ii) Surplus Revenues are not available for the payment thereof.

(d) *Derivative Products.* The following shall be conditions precedent to the use of any Derivative Product:

(1) *Opinion of Bond Counsel.* The State shall obtain an opinion of its bond counsel on the due authorization and execution of such Derivative Product opining that the action proposed to be taken by the State is authorized or permitted by this resolution or the applicable provisions of any supplemental resolution authorizing Parity Bonds, as such resolutions may be amended or supplemented from time to time and will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any Parity Bonds then Outstanding.

(2) *Payments.* Each Derivative Product shall set forth the manner in which the State Payments and Reciprocal Payments are to be calculated and a schedule of Derivative Payment Dates.

(3) *Supplemental Agreements to Govern Derivative Products.* Prior to entering into a Derivative Product, the Committee shall adopt a resolution, which shall:

(i) create and establish a Derivative Product Account or provide for some other way to account for the use of a Derivative Product; establish general provisions for the retention of Revenues in amounts sufficient to make, when due, State Payments;

(ii) establish general provisions for the rights of providers of Derivative Products or Derivative Facilities; and

(iii) set forth such other matters as the Committee deems necessary or desirable in connection with the management of Derivative Products as are not clearly inconsistent with the provisions of this resolution.

Except as may be otherwise provided in the resolution establishing a Derivative Product Account, additional Parity Bonds may be delivered in connection with any Derivative Product. This resolution may be amended in the future to reflect the lien position and priority of any payments made in connection with a Derivative Product; *provided, however*, that the lien on Net Revenues of payments under Derivative Products must be subordinate to the lien thereon of Parity Bonds.

SECTION 3.03. Deposit and Investment of Moneys in Funds. All moneys held in the Construction Fund, the Revenue Fund and the Bond Fund and all accounts and subaccounts therein shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the Registrar), and shall be secured at all times by such obligations as are required by law and to the fullest extent required by law, except such moneys which are at the time invested in accordance with this Section. All such moneys shall be invested in Permitted Investments. In addition, such money may be invested in any of the investment pools operated by the Department of Revenue. Each investment (other than investments in the State investment pools) shall mature or in the case of investment pool funds shall be available at such times and in such amounts as shall be required to provide money to make the payments required to be made from said accounts and funds. If money is held by the Registrar, the Registrar shall not invest money in the absence of written direction to the Registrar by a Designated Representative from the Department of Revenue. Moneys in the Repair and Replacement Reserve Account shall be invested only in Permitted Investments maturing within five years from the date of investment. All interest or other income received on any moneys so invested shall be deposited in and become a part of the respective fund or account from which such investment was made, except as shall be necessary to comply with the tax covenants set forth in Section 8.09 or otherwise to comply with the requirements of the Code. The Registrar shall not be accountable for any depreciation in the value of the investments made in accordance with the provisions of this Section, or for any losses incurred upon any authorized disposition thereof.

SECTION 3.04. Certification by Committee of Amounts Required. The Committee shall, on or before December 31 of each year, commencing with the year in which the Parity Bonds of Series are issued, certify to the Commissioner of the Department of Revenue and the Commissioner of the Department of Transportation and Public Facilities the amounts required in the next ensuing calendar year by the Bond Resolution to be paid out of the Revenue Fund into the Bond Fund (including the Interest Account, the Retirement Account and the Reserve Account) and to be paid into the Repair and Replacement Reserve Account. At the same time the Committee shall also certify to said Commissioners the last date or dates upon which such payments may be made.

ARTICLE IV  
COVENANTS OF THE STATE

SECTION 4.01. Punctual Payment. The State shall punctually pay or cause to be paid the principal and interest to become due in respect of all the Parity Bonds, in strict conformity with the terms of the Parity Bonds and of the Bond Resolution, and it shall faithfully observe and perform all of the conditions, covenants and requirements of the Bond Resolution and of the Parity Bonds.

SECTION 4.02. Against Sale or Other Disposition of AIAS. The State shall not sell, mortgage or otherwise dispose of the AIAS or any part thereof essential to the proper operation of the airports or to the maintenance of the Revenues. The State shall not enter into any lease or agreement which impairs the operation of the AIAS or any part thereof necessary to secure adequate Revenues for the payment of the principal of and interest on the Parity Bonds, or which would otherwise impair the rights of the Parity Bondowners with respect to the Revenues or the operation of the AIAS.

SECTION 4.03. Maintenance and Operation of AIAS. The State shall maintain and preserve the airports in good repair at all times from the Revenues and any other funds available for such purposes, and shall operate the AIAS in an efficient and economical manner.

SECTION 4.04. Payment of Claims. The State shall pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenues or any part thereof, or upon any funds in the hands of the Registrar, prior or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

SECTION 4.05. Insurance.

(a) The State shall procure, and maintain at all times while any of the Parity Bonds shall be outstanding, fire and extended coverage insurance on all buildings constituting any part of the AIAS, in amounts sufficient to provide for the recovery of not less than eighty percent (80%) of the replacement cost of any building damaged by the perils insured against. Any proceeds of any such insurance shall be applied to the repair, reconstruction or other improvement of the AIAS.

(b) The State shall procure, and maintain at all times while any of the Parity Bonds shall be outstanding, public liability insurance, with limits of not less than five million dollars (\$5,000,000 combined single limit), to protect the State from claims for bodily injury or death which may arise from the operation of the AIAS.

(c) Any or all such insurance may be provided as a part of the State's comprehensive self insurance and excess insurance and need not be separately provided for the AIAS.

(d) The State shall deliver to the Registrar in the month of July of each year a schedule setting forth the self insurance program and the insurance policies then outstanding and in force upon or in connection with the AIAS, including the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, which shall be open to inspection by any interested Parity Bondowner.

SECTION 4.06. Books and Accounts; Financial Statements.

(a) The State shall keep proper books of record and accounts of the AIAS, separate from all other records and accounts of the State, in which complete and correct entries shall be made of all transactions relating to the AIAS. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Registrar or of the owners of not less than ten percent (10%) of the principal amount of the Parity Bonds then outstanding, or their representatives authorized in writing.

(b) The State shall cause to be prepared and placed on file with the Registrar annually within 180 days after the close of each Fiscal Year so long as any of the Parity Bonds are outstanding, a detailed statement for the preceding Fiscal Year showing the Revenues, disbursements from the Revenues and expenditures applicable to the AIAS, together with a detailed balance sheet reflecting the balances in all funds relating to the AIAS held by the State or the Registrar as of the end of such Fiscal Year, which statement and balance sheet shall be accompanied by an opinion in writing of an Independent Certified Public Accountant.

SECTION 4.07. Protection of Security and Rights of Parity Bondowners. The State shall preserve and protect the security of the Parity Bonds and the rights of the Parity Bondowners, and shall warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Parity Bonds by the State, the Parity Bonds and coupons appertaining thereto shall be incontestable by the State.

SECTION 4.08. Maintenance of Registrar. The State shall appoint and at all times have a paying agent, authenticating agent, transfer agent and registrar for the purpose of paying the principal of, and the interest on, the Parity Bonds, authenticating Parity Bonds, transferring ownership therein and maintaining a Bond Register for Parity Bonds held in registered form. The Registrar is initially appointed as the Registrar for all Parity Bonds hereunder.

SECTION 4.09. Eminent Domain Proceeds. If all or any part of the AIAS shall be taken from State ownership and airport use by eminent domain proceedings, the net proceeds realized by the State from such taking shall be held in a special fund in trust and shall be applied and disbursed as follows:

(a) If the Committee determines that such eminent domain proceedings have not materially affected the operation of the airports or the ability of the State to meet any of its obligations hereunder, such proceeds shall be treated as Revenues and shall be applied as provided in Section 3.02.

(b) If less than all of the AIAS shall have been taken in such eminent domain proceedings, and if the Committee determines that such eminent domain proceedings have materially affected the operation of the airports or the ability of the State to meet any of its obligations hereunder, the State shall deposit such proceeds with the Registrar in the Retirement Account and they shall be applied to the purchase or redemption of Parity Bonds.

(c) (1) If all of the AIAS shall have been taken in such eminent domain proceedings and if such proceeds, together with any other moneys then available to the Registrar for the purpose, are sufficient to provide for the payment of the entire amount of principal then due or to become due upon the Parity Bonds, together with the interest thereon and any redemption premiums thereon, so as to enable the State to retire all of the Parity Bonds then outstanding, whether by call and redemption at the then current redemption prices or by payment at maturity or partly by payment at maturity and partly by call and redemption, the Registrar shall apply such proceeds to such retirement.

(2) If all of the AIAS shall have been taken in such eminent domain proceedings and if such proceeds, together with any other moneys then available to the Registrar for the purpose, are insufficient to provide moneys for the purposes specified in paragraph (1) of this subsection (c), the Registrar shall apply such proceeds in accordance with the provisions of Section 3.02 so far as the same may be applicable.

SECTION 4.10. Rate Covenant. The Commissioner of Transportation and Public Facilities shall fix and collect such fees, charges and rentals to be derived by the State from the ownership, lease, use and operation of the AIAS as will provide Net Revenues in each Fiscal Year at least equal to the Rate Covenant. If the Net Revenues in any Fiscal Year are less than required to fulfill the Rate Covenant, then the Commissioner of Transportation and Public Facilities may retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees and charges; and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commissioner of Transportation and Public Facilities, on the basis of such recommendations and other available information, will establish rentals, tariffs, rates, fees and charges for services and operations which will be necessary to meet the Rate Covenant in the Fiscal Year during which such adjustments are made. If the Commissioner of Transportation and Public Facilities has taken the steps set forth in this paragraph, there shall be no default under this Section 4.10 or Default under the provisions of Section 7.01 of this resolution during such Fiscal Year, as long as the AIAS meets the Rate Covenant in the next upcoming Fiscal Year.

SECTION 4.11. Further Assurances. The State and the Committee shall adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Bond Resolution, and for the better assuring and confirming unto the owners of the Parity Bonds of the rights and benefits provided in the Bond Resolution.

ARTICLE V  
THE REGISTRAR

SECTION 5.01. Appointment of Registrar. The Committee has found it reasonably necessary to select a Registrar for the owners of the Parity Bonds, for the safeguarding and disbursement of the moneys in the Bond Fund, and for such duties with respect to the authentication, delivery and registration of the Parity Bonds as the Committee has determined and set forth in the Bond Resolution. Chase Manhattan Trust Company, National Association is hereby appointed Registrar for the Parity Bondowners, for the safeguarding and disbursement of the moneys in the Bond Fund (including the Interest Account, the Retirement Account and the Reserve Account), and for the duties with respect to the authentication, delivery and registration of the Parity Bonds herein set forth.

The Committee may remove the Registrar initially appointed, and any successor thereto, and may appoint a successor or successors thereto; but any such successor shall be a bank or trust company, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Registrar may at any time resign by giving written notice to the State and by giving notice to the Parity Bondowners. Upon receiving such notice of resignation, the Committee shall promptly appoint a successor Registrar by an instrument in writing. Any resignation or removal of the Registrar and appointment of a successor Registrar shall become effective upon acceptance of appointment by the successor Registrar. The fees of the Registrar shall be as set forth in a written agreement between the Debt Manager and the Registrar.

SECTION 5.02. Liability of Agents. The recitals of facts, covenants and agreements herein and in the Parity Bonds contained shall be taken as statements, covenants and agreement of the State, and the Registrar shall not assume any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Bond Resolution or of the Parity Bonds or coupons, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Parity Bonds assigned to or imposed upon it. The Registrar shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

SECTION 5.03. Notice to Agents. The Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Parity Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Registrar may consult with counsel, who may be of counsel to the State, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Registrar shall not be bound to recognize any person as the owner of a Parity Bond unless and until such Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this resolution the Registrar shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Registrar, be deemed to be conclusively proved and established by a certificate of the Committee, and such certificate shall be full warrant to the Registrar for any action taken or suffered under the provisions of the Bond Resolution upon the faith thereof, but in its discretion the Registrar may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

## ARTICLE VI

### MODIFICATION OR AMENDMENT OF THE BOND RESOLUTION

#### SECTION 6.01. Amendments Permitted.

(a) This resolution and the right and obligations of the State and of the owners of the Parity Bonds and the coupons may be modified or amended at any time by a supplemental resolution, with the written consent of the owners of at least two-thirds of the aggregate principal amount of Parity Bonds then Outstanding, exclusive of Parity Bonds disqualified as provided in Section 6.03. No such modification or amendment shall (1) extend the maturity of any Parity Bond or of any interest installment thereon, or reduce the interest rate thereon, or reduce the principal thereof or any premium payable on the redemption thereof, without the express consent of the owner of such Parity Bond, or (2) reduce the percentage of Parity Bonds required for written consent to an amendment or modification, or (3) modify any of the rights or obligations of the Registrar without its written assent thereto.

(b) This resolution and the rights and obligations of the State and of the owners of the Parity Bonds and the coupons may also be modified or amended at any time by a supplemental resolution, without the consent of any Parity Bondowners, but only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the State in the Bond Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the State;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Bond Resolution, or in regard to questions arising under the Bond Resolution or in any other respect as the Committee may deem necessary or desirable and not inconsistent with the Bond Resolution, and which shall not materially adversely affect the interests of the owners of the Parity Bonds; and

(3) to provide for the issuance of an additional Series of Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of Article II.

The provisions of Sections 6.02 and 6.03 shall not apply to any supplemental resolution adopted pursuant to this subsection (b), and such a supplemental resolution shall become effective upon its adoption.

Notwithstanding anything in this resolution to the contrary, the adoption by the Committee of a supplemental resolution authorizing the issuance of Future Parity Bonds shall not be considered an additional resolution for purposes of this Article VI, and the Committee may approve such supplemental resolution in accordance with Sections 2.02 and 2.03 hereof without the requirement of notice to or consent of any party (unless otherwise required by Section 2.02 and 2.03 or by the terms of any other contractual arrangement of the State).

SECTION 6.02. Procedure for Amendment with Written Consent of Parity Bondowners. The Committee may at any time adopt a supplemental resolution amending the provisions of the Parity Bonds or of the Bond Resolution, to the extent that such amendment is permitted by Section 6.01, to take effect when and as provided in this Section. A copy of such supplemental resolution, together with a request to Parity Bondowners for their consent thereto, shall be mailed by the State to each registered owner of Parity Bonds outstanding and to each owner of any such Parity Bonds payable to bearer who shall have filed with the Registrar an address for notices, but failure to mail copies of such supplemental resolution and request shall not affect the validity of the supplemental resolution when assented to as in this Section provided. Notice of the fact of the adoption of such supplemental resolution (stating that a copy thereof is available for inspection at the principal office of the Registrar) shall be provided to all owners of Parity Bonds then held in book-entry only form in accordance with the operational procedures then in effect at DTC and with respect to Parity Bonds then held in registered form, but not then held in book-entry only form, such notice shall be given by U.S. Mail, postage prepaid to the owner of each Parity Bond then affected at the address shown for such owner on the Bond Register and with respect to Parity Bonds held in coupon or bearer form, notice of such amendment shall be published at least once a week for two successive weeks in a financial newspaper or journal, printed in the English language and customarily published on each business day, of general circulation in San Francisco, California, and in a similar newspaper or journal of general circulation in New York, New York, the first publication in each case to be made not more than fifteen days after the date of adoption of such resolution.

Such supplemental resolution shall not become effective unless there shall be filed with the Registrar the written consents of the owners of at least two-thirds of the aggregate principal amount of the Parity Bonds then Outstanding (exclusive of Parity Bonds disqualified as provided in Section 6.03) and a notice shall have been published as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Parity Bonds for which such consent is given, which proof shall be such as is permitted by Section 8.05. Any such consent shall be binding upon the owner of the Parity Bonds giving such consent and on any subsequent owner (whether or not such subsequent owner has notice thereof) unless such consent is revoked in writing by the owner giving such consent or a subsequent

owner by filing such revocation with the Registrar prior to the date when the notice hereinafter in this Section provided for has been published.

After the owners of the required percentage of Parity Bonds shall have filed their consents to the supplemental resolution, the State shall mail and publish a notice of the Parity Bondowners in the manner hereinbefore provided in this Section for the mailing of the supplemental resolution and publication of the notice of adoption thereof, stating in substance that the supplemental resolution has been consented to by the owners of the required percentage of Parity Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the supplemental resolution or consents thereto). Proof of the publication of such notice shall be filed with the Registrar. A record, consisting of the papers required by this Section to be filed with the Registrar, shall be proof of the matters therein stated until the contrary is proved. The supplemental resolution shall become effective upon the filing with the Registrar of proof of the mailing or publication of such last-mentioned notice, and the supplemental resolution shall be deemed conclusively binding (except as otherwise specifically provided in this Article) upon the State and the owners of all Parity Bonds and coupons upon such filing or if notice was required to be made by publication as provided above, at the expiration of sixty days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

SECTION 6.03. Disqualified Parity Bonds. Parity Bonds owned or held by or for the account of the State or any agency or instrumentality thereof shall not be deemed outstanding for the purpose of any consent or any calculation of outstanding Parity Bonds provided for in this Article VI, and shall not be entitled to consent to or take any action provided for in this Article VI. The Registrar may adopt appropriate regulations to require each Parity Bondowner, before his consent provided for in this Article VI shall be deemed effective, to reveal if the Parity Bonds as to which consent is given are disqualified as provided in this Section.

SECTION 6.04. Consent of Credit Facility Issuer. If and to the extent that any Series of Parity Bonds is secured by a Credit Facility that assures the full payment of all principal and interest on such Series, then, for so long as the Credit Facility Issuer is not then in default of its obligations under such Credit Facility, the adoption of any supplemental resolution amending this resolution shall be subject to the prior written consent of the Credit Facility Issuer. In addition, the Credit Facility Issuer shall be considered as the owner of such Series of Parity Bonds for all purposes requiring the consent of registered and beneficial owners, and neither the registered nor the beneficial owners of Parity Bonds shall have any right to receive notice of any amendment nor shall such owner have any right to consent or object to the adoption of a supplemental resolution.

SECTION 6.05. Effect of Supplemental Resolution. From and after the time any supplemental resolution becomes effective pursuant to Section 6.01(b) or Section 6.02, the Bond Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Bond Resolution of the State, the Registrar and all owners of outstanding Parity Bonds (and of interest coupons appertaining thereto, whether attached thereto or detached therefrom) shall thereafter be determined, exercised and enforced

hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of the Bond Resolution for any and all purposes.

SECTION 6.06. Endorsement or Replacement of Parity Bonds Issued After Amendments. The Committee may determine that Parity Bonds issued and delivered after the effective date of any action taken as provided in this Article VI shall bear a notation, by endorsement or otherwise, in form approved by the Committee, as to such action. In that case, upon demand of the owner of any Parity Bond outstanding at such effective date and presentation of his Parity Bond for the purpose at the principal office of the Registrar or at such other office as the Committee may select and designate for that purpose, a suitable notation shall be made on such Parity Bond. The Committee may determine that new Parity Bonds, so modified as in the opinion of the Committee is necessary to conform to such Parity Bondowners' action, shall be prepared, executed and delivered. In that case, upon demand of the owner of any Parity Bond then outstanding, such new Parity Bonds shall be exchanged at the principal office of the Registrar, without cost to any Parity Bondowner, for Parity Bonds then outstanding, upon surrender of such Parity Bonds with all unmatured coupons appertaining thereto.

## ARTICLE VII DEFAULT AND REMEDIES OF BONDOWNERS

SECTION 7.01. Default. The Committee hereby finds and determines that the failure or refusal of the State or any of its officers to perform the covenants and obligations of this resolution will endanger the operation of the AIAS and the application of Revenue and such other money, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default under this resolution:

- (a) The State shall fail to make payment of the principal of any Parity Bond when the same shall become due and payable;
- (b) The State shall fail to make payments of any installment of interest on any Parity Bond when the same shall become due and payable;
- (c) The State shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the State contained in this resolution, and such default shall have continued for a period of (1) 30 days after notice thereof has been delivered to the Committee or (2) the next upcoming Fiscal Year if the Commissioner of Transportation of Public Facilities has taken the steps set forth in Section 4.10 of this resolution but the conditions of that paragraph have not been met.

Subject to provisions of the preceding paragraph, upon the occurrence of a Default and so long as such Default shall not have been remedied, a Registered Owners' Trustee may be appointed for the Parity Bonds of the Series then in Default by the owners of 51% in principal amount of the Outstanding Parity Bonds of such Series by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized and delivered to such Registered Owners' Trustee, notification

thereof being given to the State. Any Registered Owners' Trustee appointed under the provisions of this Section shall be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of a Registered Owners' Trustee shall be borne by the Registered Owners and not by the State. The bank or trust company acting as a Registered Owners' Trustee may be removed at any time, and a successor Registered Owners' Trustee may be appointed by the owners of a majority in principal amount of the Parity Bonds then Outstanding of the Series in Default, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized.

The Registered Owners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Parity Bonds for which such appointment is made and is empowered to exercise all the rights and powers herein conferred on the Registered Owners' Trustee.

A Registered Owners' Trustee may upon the happening of a Default and during the continuation thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of Registered Owners to collect any amounts due and owing the State with respect to the AIAS, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution.

Any action, suit or other proceedings instituted by a Registered Owners' Trustee hereunder shall be brought in its name as trustee for the Registered Owners and all such rights of action upon or under any of the Parity Bonds of the Series then in Default or the provisions of this resolution may be enforced by a Registered Owners' Trustee without the possession of any of said Series of Parity Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Parity Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint a Registered Owners' Trustee the true and lawful trustee to the respective owners of said Series of Parity Bonds then in Default, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Series of Parity Bonds; to execute any paper or documents for the receipt of such moneys, and to do all acts with respect thereto that the Registered Owner himself might have done in person. Nothing herein contained shall be deemed to authorize or empower any Registered Owners' Trustee to consent to accept or adopt, on behalf of any owner of said Parity Bonds then in Default, any plan of reorganization or adjustment affecting the said Series of Parity Bonds or any right of any owner thereof, or to authorize or empower the Registered Owners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the State shall be entitled to participate or enter an appearance.

No owner of any one or more of the Series of Parity Bonds in Default shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless Default shall have happened and be continuing, and unless no Registered Owners' Trustee has been appointed as herein provided, but any remedy herein authorized to be exercised by a

Registered Owners' Trustee may be exercised individually by any Registered Owner, in his own name and on his own behalf or for the benefit of all Registered Owners, in the event no Registered Owners' Trustee has been appointed, or with the consent of the Registered Owners' Trustee if such Registered Owners' Trustee has been appointed; provided however, that nothing in this resolution or in the Parity Bonds shall affect or impair the obligation of the State which is absolute and unconditional, to pay from Revenue the principal of and interest on said Parity Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Parity Bonds and to a Registered Owners' Trustee are not intended to be exclusive of any other remedy or remedies, excepting only acceleration of debt and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by a Registered Owners' Trustee or by the owners of Parity Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Registered Owners or of a Registered Owners' Trustee to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

Upon any such waiver, such Default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

## ARTICLE VIII SERIES 1999 BONDS

### SECTION 8.01. Authorization of Series 1999 Bonds.

(a) *Series 1999A Bonds.* The State shall issue the Series 1999A Bonds as authorized by the Act, in the principal amount of \$162,500,000 for the purpose of providing part of the funds necessary to (i) pay the costs of the Series 1999A Components, (ii) pay and redeem the 1998B Notes, (iii) to pay the costs of purchasing a surety bond to fund a portion of the Reserve Requirement, and (iv) pay all costs incidental to the foregoing and to the issuance of the Series 1999A Bonds including the portion of the Series 1999A Bond Insurance Policy premium for the Series 1999A Bonds.

(b) *Series 1999B Bonds.* The State shall issue the Series 1999B Bonds, as authorized by the Act, in the principal amount of \$16,675,000 for the purpose of providing part of the funds necessary to (i) pay the costs of the Series 1999B Components, (ii) pay and redeem the 1998A Notes, (iii) to pay the costs of purchasing a surety bond to fund a portion of the Reserve Requirement, and (iv) pay all costs incidental to the foregoing and to the issuance of the Series 1999B Bonds including the portion of the Series 1999B Bond Insurance Policy premium for the Series 1999B Bonds.

SECTION 8.02. Bond Details.

(a) *Series 1999A Bonds.* The Series 1999A Bonds shall be designated as “State of Alaska International Airports System Revenue Bonds, Series 1999A,” shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated January 15, 1999, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Series 1999A Bonds shall represent more than one maturity), shall bear interest from January 15, 1999 until the Series 1999A Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on October 1, 1999, and shall mature on the following dates in the following years in the following amounts and bear interest at the following rates per annum:

<u>Maturity Years</u> <u>(October 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2001	\$ 2,230,000	4.000%
2002	4,040,000	4.000
2003	4,200,000	4.000
2004	4,370,000	4.000
2005	4,545,000	4.100
2006	40,000	4.150
2006	4,690,000	4.250
2007	4,935,000	4.250
2008	255,000	4.300
2008	4,885,000	5.000
2009	100,000	4.375
2009	5,300,000	5.000
2010	170,000	4.450
2010	5,495,000	5.125
2011	50,000	4.550
2011	5,905,000	5.125
2012	145,000	4.650
2012	6,115,000	5.125
2013	275,000	4.700
2013	6,305,000	5.125
2014	100,000	4.750
2014	6,815,000	5.125
2015	620,000	4.800
2015	6,650,000	5.125
2019	32,935,000	5.000
2024	51,330,000	5.000

(b) *Series 1999B Bonds.* The Series 1999B Bonds shall be designated as “State of Alaska International Airports System Revenue Bonds, Series 1999B,” shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated January 15, 1999, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Series 1999B Bonds shall represent more than one maturity), shall bear interest from January 15, 1999 until the Series 1999B Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on October 1, 1999, and shall mature on the following dates in the following years in the following amounts and bear interest at the following rates per annum:

Maturity Years (October 1)	Principal Amounts	Interest Rates
2001	\$ 240,000	4.000%
2002	435,000	4.000
2003	450,000	4.000
2004	470,000	4.000
2005	485,000	4.000
2006	505,000	4.000
2007	525,000	4.000
2008	550,000	4.000
2009	570,000	4.125
2010	595,000	4.200
2011	620,000	4.300
2012	645,000	4.400
2013	675,000	4.500
2014	705,000	4.500
2015	735,000	4.600
2016	85,000	4.875
2019	3,225,000	5.000
2024	5,160,000	5.000

(c) *Series 1999 Bonds a Special Fund Obligation.* The Series 1999 Bonds are not general obligations of the State, and no tax revenues of the State may be used to pay the principal of, premium, if any, and interest on the Series 1999 Bonds.

The Series 1999 Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Series 1999 Bonds do not constitute an indebtedness of the State within the meaning of the constitutional provisions and limitations of the State of Alaska.

SECTION 8.03. Redemption and Purchase.

(a) *Optional Redemption.*

(i) The Series 1999A Bonds maturing on and after October 1, 2010 are subject to redemption on or after April 1, 2009 in whole or in part at any time, with maturities to be selected by the State, at the following prices, expressed as a percentage of par, plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
April 1, 2009 to March 31, 2010	101.0%
April 1, 2010 to March 31, 2011	100.5
April 1, 2011 and thereafter	100.0

(ii) The Series 1999B Bonds maturing on and after October 1, 2010 are subject to redemption on or after April 1, 2009 in whole or in part at any time, with maturities to be selected by the State, at the following prices, expressed as a percentage of par, plus accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
April 1, 2009 to March 31, 2010	101.0%
April 1, 2010 to March 31, 2011	100.5
April 1, 2011 and thereafter	100.0

(b) *Mandatory Redemption.* Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1999A Term Bonds stated to mature on October 1, 2019 are subject to mandatory redemption on October 1 of the following years in the following principal amounts, at a price of par:

<u>Redemption Dates</u>	<u>Amounts</u>
2016	\$ 7,640,000
2017	8,025,000
2018	8,425,000
2019*	8,845,000

\* Maturity

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1999A Term Bonds stated to mature on October 1, 2024 are subject to mandatory redemption on October 1 of the following years in the following principal amounts, at a price of par:

Redemption Dates	Amounts
2020	\$ 9,290,000
2021	9,755,000
2022	10,240,000
2023	10,755,000
2024*	11,290,000

\* Maturity

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1999B Term Bonds stated to mature on October 1, 2019 are subject to mandatory redemption on October 1 of the following years in the following principal amounts, at a price of par:

Redemption Dates	Amounts
2016	\$ 685,000
2017	805,000
2018	845,000
2019*	890,000

\* Maturity

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1999B Term Bonds stated to mature on October 1, 2024 are subject to mandatory redemption on October 1 of the following years in the following principal amounts, at a price of par:

Redemption Dates	Amounts
2020	\$ 935,000
2021	980,000
2022	1,030,000
2023	1,080,000
2024*	1,135,000

\* Maturity

(c) *Purchase of Series 1999 Bonds for Retirement.* The State reserves the right to use at any time any Revenue on deposit in the Revenue Fund available after providing for the payments authorized by Section 3.02(c)(1) through (3) to purchase for retirement any of the Series 1999 Bonds offered to the State at any price deemed reasonable to the State's Debt Manager.

(d) *Effect of Optional Redemption Purchase.* To the extent that the State shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the State may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Representative.

(e) *Selection of Series 1999 Bonds for Redemption.* The Series and maturities to be redeemed shall be selected by the State and, within a maturity, as long as the Series 1999 Bonds are held in book-entry only form, the selection of Series 1999 Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 1999 Bonds are no longer held in uncertificated form, the selection of such Series 1999 Bonds to be redeemed shall be made as provided in this subsection (e). If the State redeems at any one time fewer than all of the Series 1999 Bonds of a Series having the same maturity date, the particular Series 1999 Bonds or portions of Series 1999 Bonds of such Series and maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Series 1999 Bond of a denomination greater than \$5,000, the State and Registrar shall treat each Series 1999 Bond as representing such number of separate Series 1999 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 1999 Bond by \$5,000. In the event that only a portion of the principal sum of a Series 1999 Bond is redeemed, upon surrender of the such Series 1999 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof or, at the option of the Registered Owner, a Series 1999 Bond of like maturity and interest rate in any of the denominations herein authorized.

(f) *Notice of Redemption*

(i) Official Notice. Unless waived by any owner of Series 1999 Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 1999 Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all Outstanding Series 1999 Bonds are to be redeemed, the identification by maturity and Series (and, in the case of partial redemption, the respective principal amounts) of the Series 1999 Bonds to be redeemed,

(D) that on the date fixed for redemption, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Series 1999 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Series 1999 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the State has revoked the notice of redemption in the case of an optional redemption, on or prior to any redemption date, the State shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 1999 Bonds or portions of Series 1999 Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 1999 Bond or any defect in such notice shall not invalidate redemption of any other Series 1999 Bond.

Notwithstanding the foregoing, if the Series 1999 Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than 30 days prior to the date of redemption.

(ii) Effect of Notice; Bonds Due. Official notice of redemption having been given as aforesaid, the Series 1999 Bonds or portions of Series 1999 Bonds so to be redeemed shall, on the redemption date (unless in the case of optional redemption the State shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Series 1999 Bonds or portions of Series 1999 Bonds shall cease to bear interest. Upon surrender of such Series 1999 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 1999 Bond, there shall be prepared for the Registered Owner a new Series 1999 Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All Series 1999 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the State as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Series 1999 Bonds being redeemed; (B) the date of issue of the Series 1999 Bonds as originally issued; (C) the rate of interest borne by each Series 1999 Bond being redeemed; (D) the Series designation and maturity date of each Series 1999 Bond being redeemed; and (E) any other descriptive information needed to identify

accurately the Series 1999 Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the Series 1999 Bond Insurer, as applicable, and to each NRMSIR, the SID, if any, and to the Underwriters or to their business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Series 1999 Bonds.

(iv) Use of CUSIP Numbers. Upon the payment of the redemption price of Series 1999 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity and Series, the Series 1999 Bonds being redeemed with the proceeds of such check or other transfer.

(v) Amendment of Notice Provisions. The foregoing notice provisions of this Section 8.03, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any owners of Series 1999 Bonds by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

SECTION 8.04. Place and Medium of Payment. The principal of, premium, if any, and interest on the Series 1999 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 1999 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months). For so long as all Series 1999 Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 1999 Bonds are no longer in fully immobilized form, interest on the Series 1999 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Series 1999 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Series 1999 Bonds at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Series 1999 Bonds shall be payable upon presentation and surrender of such Series 1999 Bonds by the Registered Owners at the principal office of the Registrar.

SECTION 8.05. Registration.

(a) Registrar/Bond Register. So long as any Series 1999 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Series 1999 Bonds at its principal corporate trust office. The Registrar may be removed at any time as provided in Section 5.01 upon prior notice to the Series 1999 Bond Insurer, as the case may be, DTC, each NRMSIR and the SID, if any, and a successor Registrar appointed by the Committee. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the

State, to authenticate and deliver Series 1999 Bonds transferred or exchanged in accordance with the provisions of such Series 1999 Bonds and this resolution and to carry out all of the Registrar's powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 1999 Bonds.

(b) *Registered Ownership.* The State and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Series 1999 Bond as the absolute owner thereof for all purposes (except as provided in Section 8.14 of this resolution), and neither the State nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 1999 Bond shall be made only as described in Section 8.04 hereof, but such Series 1999 Bond may be transferred as herein provided. All such payments made as described in Section 8.04 shall be valid and shall satisfy and discharge the liability of the State upon such Series 1999 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Series 1999 Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Series 1999 Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Series 1999 Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the State to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series 1999 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series 1999 Bonds.

If any Series 1999 Bond shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Series 1999 Bond until such Series 1999 Bond is paid.

(d) *Use of Depository.*

(i) The Series 1999 Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Series 1999 Bond maturing on each of the maturity dates for the Series 1999 Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 1999 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository

appointed by the Committee pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding Series 1999 Bonds, together with a written request on behalf of the Committee, issue a single new Series 1999 Bond for each maturity of the Series 1999 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Committee determines that it is in the best interest of the beneficial owners of the Series 1999 Bonds that such owners be able to obtain such bonds in the form of Series 1999 Bond certificates, the ownership of such Series 1999 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Committee shall deliver a written request to the Registrar, together with a supply of definitive Series 1999 Bonds, to issue Series 1999 Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 1999 Bonds together with a written request on behalf of the Committee to the Registrar, new Series 1999 Bonds shall be issued in the appropriate denominations and Series and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 1999 Bond may be registered and Series 1999 Bonds may be exchanged, but no transfer of any such Series 1999 Bond shall be valid unless such Series 1999 Bond is surrendered to the Registrar with the assignment form appearing on such Series 1999 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 1999 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 1999 Bond (or Series 1999 Bonds at the option of the new Registered Owner) of the same date, Series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 1999 Bond, in exchange for such surrendered and canceled Series 1999 Bond. Any Series 1999 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Series 1999 Bonds of the same date, Series, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be

obligated to register the transfer or to exchange any Series 1999 Bond during the 15 days preceding the date any such Series 1999 Bond is to be redeemed.

(f) *Registrar's Ownership of Series 1999 Bonds.* The Registrar may become the Registered Owner of any Series 1999 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Series 1999 Bonds.

(g) *Registration Covenant.* The State covenants that, until all Series 1999 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 1999 Bond that complies with the provisions of Section 149 of the Code.

SECTION 8.06. Application of Proceeds of Series 1999 Bonds. Upon receipt of payment for any of the Series 1999 Bonds when the same shall have been sold by the State, the State shall forthwith deposit the proceeds received from such sale in the following respective funds:

(a) The State shall deposit with the Registrar in the Interest Account established pursuant to Section 3.02 the accrued interest to the date of payment of the purchase price of the Series 1999 Bonds received upon the sale thereof.

(b) The State shall transfer the insurance premium for the 1999A Bond Insurance Policy and the 1999B Bond Insurance Policy to the Series 1999 Bond Insurer.

(c) The State shall deliver an amount sufficient to pay and redeem the 1998A Notes and the 1998B Notes to the trustee for said 1998 Notes pursuant to the 1998 Note Resolution and the trust agreement referred to thereunder.

(d) The State shall set aside the sum of \$15,806,762.51 from the Series 1999A Bonds and the sum of \$1,538,492.51 from the Series 1999B Bonds for deposit into special accounts within the Construction Fund to be designated as the Series 1999A Capitalized Interest Account and the Series 1999B Capitalized Interest Account.

(e) The State shall deposit the remainder of such proceeds in the Construction Fund.

SECTION 8.07. Construction Fund.

(a) *Construction Fund.* The Net Proceeds of the Series 1999 Bonds shall be deposited in the Construction Fund maintained in the State Treasury. However, the net proceeds of the Series 1999A Bonds and the Series 1999B Bonds shall be segregated for purposes of accounting for expenditures. To that end, separate accounts are authorized to be maintained in the State Treasury's Construction Fund, one each for the Series 1999A Bond proceeds and the interest and investment earnings (proceeds of sale and reinvestment) thereon and for the Series 1999B Bond proceeds and the interest and investment earnings thereon. Disbursements shall be made from the proceeds of the Series 1999A Bonds to pay or reimburse the State for its payment of the costs of the Series 1999A Components, and disbursements shall be made from

the proceeds of the 1999B Bonds to pay or reimburse the State for its payment of the costs of the Series 1999B Components. Costs of issuance shall be paid ratably from the proceeds of each Series.

The proceeds of the Series 1999A Bonds deposited in the Series 1999A Capitalized Interest Account, together with interest earnings thereon, may be used at the direction of the Authorized AIAS Representative to pay interest on the Series 1999A Bonds pending completion of the Series 1999A Components. The proceeds of the Series 1999B Bonds deposited in the Series 1999B Capitalized Interest Account, together with interest earnings thereon, may be used at the direction of the Authorized AIAS Representative to pay interest on the Series 1999B Bonds pending completion of the Series 1999B Components. In the alternative, (i) money in the Series 1999A Capitalized Interest Account may be used to pay costs of the Series 1999A Components at the direction of the Commissioner of Transportation and Public Facilities, to the extent permitted within the then current appropriation available for the Series 1999A Components, and (ii) money in the Series 1999B Capitalized Interest Account may be used to pay costs of the Series 1999B Components at the direction of the Commissioner of Transportation and Public Facilities, to the extent permitted within the then current appropriation available for the Series 1999B Components.

Money in the Construction Fund may be invested in those obligations identified as "Permitted Investments". In addition, such proceeds may be invested in any of the investment pools operated by the Department of Revenue. Earnings on such investments shall accrue to the benefit of the respective account and subaccount for each Series of the Series 1999 Bonds and may be used at the direction of the Debt Manager, to pay debt service on the Bonds, prior to the completion of construction, except as may be required to be used to pay the Rebutable Arbitrage pursuant to this resolution. The allocation of interest earnings and investment earnings between the respective Series of the Series 1999 Bonds will be made utilizing the State's accounting system and cooperation through the Department of Transportation and Public Facilities, the Department of Administration, Division of Finance and the Department of Revenue, Treasury Division. Any balance remaining with respect to the Series 1999 Bonds after the completion of the Series 1999A Components and the Series 1999B Components, and after all the costs thereof have been paid, shall be transferred to the Bond Fund.

(b) *Reserve Account.* The State hereby covenants and agrees that on the date of issuance of the Series 1999 Bonds, it will cause the Series 1999 Surety Bond Issuer to deliver two surety bonds to the Registrar, one for the Series 1999A Bonds in the amount equal to \$11,857,498.75, and one for the Series 1999B Bonds in the amount of \$1,194,846.25, which together with the remaining balance on hand in the Reserve Account (currently in the form of a surety bond) to be equal to the Reserve Requirement. The Designated Representative is hereby authorized to execute and deliver a guaranty agreement with the Series 1999 Surety Bond Issuer substantially in the form of such exhibit to the commitment dated January 11, 1999, from the Series 1999 Surety Bond Issuer for the Series 1999A Bonds and a guaranty agreement with the Series 1999 Surety Bond Issuer substantially in the form of such exhibit to the commitment dated January 11, 1999, from the Series 1999 Surety Bond Insurer for the Series 1999B Bonds.

SECTION 8.08. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of any Series 1999 Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if such Series 1999 Bonds are to be redeemed prior to maturity, irrevocable notice, or instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 1999 Bonds so provided for and such Series 1999 Bonds shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such Series 1999 Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the State.

Within 45 days of any defeasance of Series 1999 Bonds, the State shall provide notice of defeasance of Series 1999 Bonds to Registered Owners of Series 1999 Bonds being defeased, to the Series 1999 Bond Insurer, as applicable, and to each NRMSIR and SID, if any, in accordance with Section 8.14.

SECTION 8.09. Tax Covenants. The State covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 1999 Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Series 1999 Bonds.

(a) *Arbitrage Covenant*. Without limiting the generality of the foregoing, the State covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 1999 Bonds or any other funds of the State which may be deemed to be proceeds of the Series 1999 Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Series 1999 Bonds to the initial purchasers thereof, would have caused the Series 1999 Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

The State represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The State will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 1999 Bonds.

(b) *Rebatable Arbitrage*.

(i) *General Rule*. The State will pay to the United States of America in accordance with the provisions of this Section 8.09(b): (A) rebate installment payments which, when added to the future value as of the Computation Date of all previous rebate payments made

with respect to the Series 1999 Bonds, equal at least 90% of the Rebatale Arbitrage with respect to the Series 1999 Bonds; and (B) a final rebate installment payment in an amount which, when added to the future value of all previous rebate payments made with respect to the Series 1999 Bonds, equals 100% of the Rebatale Arbitrage.

(ii) *Computation of Rebatale Arbitrage.* As of any Computation Date, the Rebatale Arbitrage for the Series 1999 Bonds is the excess of the future value, as of such date, of all Receipts over the future value, as of such date, of all Payments.

(iii) *Payment Procedure.* (A) The first rebate installment payment will be made for a Computation Date that is no later than five years after the issue date of the Series 1999 Bonds. Subsequent rebate installment payments will be made for a Computation Date that is not later than five years after the previous Computation Date for which rebate installment payment was made. Each rebate installment payment will be paid no later than 60 days after the Computation Date to which the payment relates.

(B) A final rebate payment will be paid within 60 days of the date the Series 1999 Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations.

(C) Each payment of Rebatale Arbitrage will be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19445 and will be accompanied by IRS Form 8038-T.

(c) *Private Person Use Limitation for Series 1999B Bonds.* The State covenants that for as long as the Series 1999B Bonds are outstanding, it will not permit:

(i) More than 10% of the Net Proceeds of the Series 1999B Bonds to be used for any Private Person Use; and

(ii) More than 10% of the principal or interest payments on the Series 1999B Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the State) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The State further covenants that, if:

(iii) More than five percent of the Net Proceeds of the Series 1999B Bonds are to be used for any Private Person Use; and

(iv) More than five percent of the principal or interest payments on the Series 1999B Bonds in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any

Private Person Use, or (B) derived from payments (whether or not made to the State) in respect of property, or borrowed money, used or to be used for any Private Person Use,

then, (1) any Private Person Use of the projects described in subsection (iii) hereof or Private Person Use payments described in subsection (iv) hereof that are in excess of the five percent limitations described in such subsections (iii) or (iv) will be for a Private Person Use that is related to the state or local governmental use of the Series 1999B Components, and (2) any Private Person Use will not exceed the amount of Net Proceeds of the Series 1999B Bonds used for the state or local governmental use portion of the project to which the Private Person Use of such portion of the Series 1999B Components relates. The State further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Series 1999B Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 1999B Bonds.

(d) *Use of Proceeds of the Series 1999A Bonds.* The Series 1999A Components include only facilities that are directly related and essential to:

- (i) servicing aircraft or enabling aircraft to take off and land or
- (ii) transferring passengers or cargo to or from aircraft or functionally related and subordinate to such airport facilities,

The State will, at all times while the Series 1999A Bonds are Outstanding be the owner of all elements of the Series 1999A Components being financed with such Series 1999A Bonds. If any portion of the Series 1999A Components is the subject of a lease or management contract with an entity other than a governmental unit, then the lease or management contract must meet the requirements of Section 142(b)(1)(B) of the Code.

The Series 1999A Components shall not include any:

- (i) lodging facility,
- (ii) retail facility (including food and beverage facilities) in excess of a size necessary to serve passengers and employees,
- (iii) retail facility (other than parking) for passengers or the general public located outside the airport,
- (iv) office building for persons who are not employees of a governmental unit or the State,
- (v) industrial park or manufacturing facility, that is to be used for any private business use (within the meaning of Section 141(b)(6) of the Code).

Any element of any Series 1999A Components that is an office must be located at the airport and no more than a de minimis amount of the functions performed at such office may not be directly related to day-to-day operations of the airport. Any storage or training facilities included in any project must be located at the airport and must be of a character and size commensurate with the character and size of the airport.

All elements of the Series 1999A Components need to be located at or in close proximity to the take-off and landing area in order to perform their functions.

Any land acquired by the State as a part of the Series 1999A Components will be (A) acquired solely to mitigate damages attributable to airport noise or (B) land that is adjacent to the airport, impaired by a significant level of airport noise and (1) in the case of improved land, use of the land and improvements before acquisition is incompatible with the airport noise level, use after acquisition is compatible with the airport noise level and the post-acquisition use is essentially different from the pre-acquisition use or (2) in the case of unimproved land (including agricultural land), use of the land after its acquisition will not be incompatible with the level of airport noise.

(e) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 1999 Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof (and without the consent of the Series 1999 Bond Insurer, the Registrar or any Registered Owner) upon receipt of an opinion of the State's Bond Counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 1999 Bonds.

SECTION 8.10. Lost, Stolen, Mutilated or Destroyed Series 1999 Bonds. In case any Series 1999 Bond or Series 1999 Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 1999 Bond or Series 1999 Bonds of like date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the State in connection therewith and upon his filing with the State evidence satisfactory to the State that such Series 1999 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Bond) and of his ownership thereof, and upon furnishing the State with indemnity satisfactory to the State.

SECTION 8.11. Forms of Series 1999 Bonds and Registration Certificate.

(a) *Required Recital.* Each Series 1999 Bond shall include a recital to the effect that it is issued under AS 37.15.410 - 37.15.550.

(b) *Series 1999A Bonds.* The Series 1999A Bonds shall be in substantially the following form:

STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. \_\_\_\_ (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE BONDS, SERIES 1999A

Maturity Date:

CUSIP No. \_\_\_\_\_

Interest Rate:

Registered Owner:

Principal Amount:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from January 15, 1999, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on October 1, 1999. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of Chase Manhattan Trust Company, National Association, Seattle, Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of \$162,500,000 of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 – 37.15.550 and pursuant to Resolution No. 99-01 of the State Bond Committee (the "Bond Resolution") to finance additions and improvements to

its airport properties and facilities. Simultaneously herewith, the State is issuing another series of airport revenue bonds, Series 1999B, in the aggregate principal amount of \$16,675,000.

The bonds of this issue maturing on and after October 1, 2010 shall be subject to optional redemption in advance of their scheduled maturity on or after April 1, 2009 in whole or in part on any date at the following prices, expressed as a percentage of par, plus accrued interest to the date of redemption.

Redemption Periods	Redemption Prices
April 1, 2009 to March 31, 2010	101.0%
April 1, 2010 to March 31, 2011	100.5
April 1, 2011 and thereafter	100.0

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2019 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates	Amounts
2016	\$ 7,640,000
2017	8,025,000
2018	8,425,000
2019*	8,845,000

\* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2024 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates	Amounts
2020	\$ 9,290,000
2021	9,755,000
2022	10,240,000
2023	10,755,000
2024*	11,290,000

\* Maturity

The bonds of this series are private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of

redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The State and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenue and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenue into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenue, if any, equal in rank to the lien and charge upon such Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds, the Series 1999B Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska, has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the 15th day of January, 1999.

STATE OF ALASKA

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Governor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Lieutenant Governor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue Bonds, Series 1999A of the State of Alaska, dated January 15, 1999.

CHASE MANHATTAN TRUST  
COMPANY, NATIONAL ASSOCIATION,  
Registrar

By \_\_\_\_\_  
Authorized Signer

In the event any Series 1999A Bonds are no longer in fully immobilized form, the form of such Series 1999A Bonds may be modified to conform to printing requirements and the terms of this resolution.

(c) *Series 1999B Bonds.* The Series 1999B Bonds shall be in substantially the following form:

Municipal Bond Insurance Policy No. \_\_\_\_\_ (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

NO. \_\_\_\_\_ UNITED STATES OF AMERICA \$ \_\_\_\_\_  
STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE BONDS, SERIES 1999B

Maturity Date: \_\_\_\_\_ CUSIP No. \_\_\_\_\_  
Interest Rate:  
Registered Owner:  
Principal Amount:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from January 15, 1999, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on October 1, 1999. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of Chase Manhattan Trust Company, National Association, Seattle, Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of \$16,675,000 of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 – 37.15.550 and pursuant to Resolution No. 99-01 of the State Bond Committee (the "Bond Resolution") to finance additions and improvements to its airport properties and facilities. Simultaneously herewith, the State is issuing another series of airport revenue bonds, Series 1999A, in the aggregate principal amount of \$162,500,000.

The bonds of this issue maturing on and after October 1, 2010 shall be subject to optional redemption in advance of their scheduled maturity on or after April 1, 2009 in whole or in part on any date at the following prices, expressed as a percentage of par, plus accrued interest to the date of redemption.

Redemption Periods	Redemption Prices
April 1, 2009 to March 31, 2010	101.0%
April 1, 2010 to March 31, 2011	100.5
April 1, 2011 and thereafter	100.0

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2019 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates	Amounts
2016	\$ 685,000
2017	805,000
2018	845,000
2019*	890,000

\* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2024 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Dates	Amounts
2020	\$ 935,000
2021	980,000
2022	1,030,000
2023	1,080,000
2024*	1,135,000

\* Maturity

The bonds of this series are not private activity bonds. The bonds of this series are not “qualified tax exempt obligations” eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC’s operational arrangements. The State and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenue and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenue into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenue, if any, equal in rank to the lien and charge upon such Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds, the Series 1999A Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and

resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska, has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the 15th day of January, 1999.

STATE OF ALASKA

By \_\_\_\_\_ /s/  
Governor

ATTEST:

\_\_\_\_\_/s/  
Lieutenant Governor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue Bonds, Series 1999B of the State of Alaska, dated January 15, 1999.

CHASE MANHATTAN TRUST  
COMPANY, NATIONAL ASSOCIATION,  
Registrar

By \_\_\_\_\_  
Authorized Signer

In the event any Series 1999B Bonds are no longer in fully immobilized form, the form of such Series 1999B Bonds may be modified to conform to printing requirements and the terms of this resolution.

SECTION 8.12. Execution. The Series 1999 Bonds shall be executed on behalf of the State with the manual or facsimile signature of the Governor, shall be attested by the manual or facsimile signature of the Lieutenant Governor and shall have the seal of the State impressed or a facsimile thereof imprinted thereon.

Only such Series 1999 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for

any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 1999 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers of the State who shall have executed the Series 1999 Bonds shall cease to be such officer or officers of the State before the Series 1999 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the State, such Series 1999 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Series 1999 Bond may also be signed and attested on behalf of the State by such persons as at the actual date of execution of such Series 1999 Bond shall be the proper officers of the State although at the original date of such Series 1999 Bond any such person shall not have been such officer.

SECTION 8.13. Sale of Series 1999 Bonds. The Series 1999 Bonds shall be sold by negotiated sale to the Underwriters under the terms of a Bond Purchase Contract, dated this date (the "Bond Purchase Contract"). The Bond Purchase Contract is hereby approved, and the Designated Representative is hereby authorized and directed to execute the Bond Purchase Contract. Upon the adoption of this resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Series 1999 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 1999 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the State, the Official Statement (and any Preliminary Official Statement) relating to the issuance and sale of the Series 1999 Bonds and the distribution of the Series 1999 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

As a condition precedent to the issuance of the Series 1999 Bonds, the State shall comply with the provisions of Sections 2.02 and 2.03, so that the Series 1999 Bonds may be issued as Parity Bonds.

SECTION 8.14. Undertaking to Provide Ongoing Disclosure. The Committee hereby authorizes the Debt Manager to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Series 1999 Bonds for the benefit of the Beneficial Owners of the Series 1999 Bonds in order to assist the Underwriters in complying with of the Rule.

SECTION 8.15. Municipal Bond Insurance Policy; Provisions Relating to Municipal Bond Insurer.

(a) *Acceptance of Insurance.* In accordance with the offer of Underwriters to purchase the Series 1999 Bonds, the Committee hereby approves the commitment of the Series 1999 Bond Insurer to provide bond insurance policies guaranteeing the payment when due

of principal of and interest on the Series 1999A Bonds (the "Series 1999A Bond Insurance Policy") and the Series 1999B Bonds (the "Series 1999B Bond Insurance Policy"). The Committee further authorizes and directs all proper officers, agents, attorneys and employees of the State to cooperate with the Series 1999 Bond Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the State as shall be necessary or advisable in providing for the Series 1999A Bond Insurance Policy and the Series 1999B Bond Insurance Policy.

(b) *Payments Under the Series 1999 Bond Insurance Policy.* As long as the Series 1999A Bond Insurance Policy or the Series 1999B Bond Insurance Policy shall be in full force and effect, the State agrees to comply with the following provisions:

(1) At least one day prior to any interest payment date, the State will determine whether there will be sufficient funds in the Bond Fund to pay the principal of or interest on the Series 1999 Bonds on such interest payment date. If the State determines that there will be insufficient funds in such fund, it shall so notify the Series 1999 Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 1999 Bonds to which such deficiency is applicable and whether such Series 1999 Bonds will be deficient as to principal or interest, or both. If the State has not so notified the Series Bond Insurer at least one day prior to an interest payment date, the Series 1999 Bond Insurer will make payments of principal or interest due on the Series 1999 Bonds on or before the first day next following the date on which the Series 1999 Bond Insurer shall have received notice of nonpayment.

(2) The State shall, after giving notice to the Series 1999 Bond Insurer as provided in (1) above, make available to the Series 1999 Bond Insurer and, at the Series 1999 Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Series 1999 Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the State maintained by the Registrar, if any, and all records relating to the funds and accounts maintained under this resolution.

(3) The State shall provide the Series 1999 Bond Insurer and the Insurance Trustee with a list of registered owners of Series 1999 Bonds entitled to receive principal or interest payments from the Series 1999 Bond Insurer under the terms of the Series 1999A Bond Insurance Policy and the Series 1999B Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 1999 Bonds entitled to receive full or partial interest payments from the Series 1999 Bond Insurer and (ii) to pay principal upon Series 1999 Bonds surrendered to the Insurance Trustee by the registered owners of Series 1999 Bonds entitled to receive full or partial principal payments from the Series 1999 Bond Insurer.

(4) The State shall, at the time it provides notice to the Series 1999 Bond Insurer pursuant to (1) above, notify registered owners of Series 1999 Bonds entitled to receive the payment of principal or interest thereon from the Series 1999 Bond Insurer (i) as to the fact of such entitlement, (ii) that the Series 1999 Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of

an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Series 1999 Bond Insurer, they must surrender their Series 1999 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1999 Bonds to be registered in the name of the Series 1999 Bond Insurer) for payment to the Insurance Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Series 1999 Bond Insurer, they must surrender their Series 1999 Bonds for payment thereon first to the Registrar who shall note on such Series 1999 Bonds the portion of the principal paid by the Registrar, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(5) In the event that the Registrar has notice that any payment of principal of or interest on a Series 1999 Bond which has become due for payment and which is made to a bondholder by or on behalf of the State has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Registrar shall, at the time the Series 1999 Bond Insurer is notified pursuant to (1) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Series 1999 Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Registrar shall furnish to the Series 1999 Bond Insurer its records evidencing the payments of principal of and interest on the Series 1999 Bonds which have been made by the Registrar, and subsequently recovered from registered owners and the dates on which such payments were made.

(6) In addition to those rights granted the Series 1999 Bond Insurer under this resolution, the Series 1999 Bond Insurer shall, to the extent it makes payment of principal of or interest on Series 1999 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 1999A Bond Insurance Policy and the Series 1999B Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Registrar shall note the Series 1999 Bond Insurer's rights as subrogee on the registration books of the State maintained by the Registrar upon receipt from the Series 1999 Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 1999 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Registrar shall note the Series 1999 Bond Insurer's rights as subrogee on the registration books of the State maintained by the Registrar upon surrender of the Series 1999 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(c) *Consent of the Series 1999 Bond Insurer.* Any provision of this resolution expressly and specifically recognizing or granting rights in or to the Series 1999 Bond Insurer may not be amended in any manner which affects the rights of the Series 1999 Bond Insurer hereunder without the prior written consent of the Series 1999 Bond Insurer.

(d) *Consent of the Series 1999 Bond Insurer in Addition to Bondholder Consent.* Unless otherwise provided in this section, the Series 1999 Bond Insurer's consent shall

be required in addition to bondholder consent, when required, for the following purposes: (i) execution and delivery of any amendment, supplement or change to or modification of this resolution; (ii) removal of the Registrar and selection and appointment of any successor Registrar (other than the designated State fiscal agent); and (iii) any initiation or approval of any action not described in (i) or (ii) above which requires bondholder consent.

(e) *Consent of the Series 1999 Bond Insurer Upon Default.* Anything in this resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, the Series 1999 Bond Insurer shall be deemed to be a bondholder of the Series 1999 Bonds it insures for purposes of enforcement of all rights and remedies granted to the bondholders for the benefit of the bondholders under this resolution.

(f) *The Series 1999 Bond Insurer as Third Party Beneficiary.* To the extent that this resolution confers upon or gives or grants to the Series 1999 Bond Insurer any right, remedy or claim under or by reason of this resolution, the Series 1999 Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(g) *Parties Interested Herein.* Nothing in this resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the State, the Series 1999 Bond Insurer or the Registrar, and the registered owners of the Series 1999 Bonds, any right, remedy or claim under or by reason of this resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises or agreements in this resolution contained by and on behalf of the State shall be for the sole and exclusive benefit of the State, the Series 1999 Bond Insurer, the Registrar, and the registered owners of the Series 1999 Bonds.

(h) *Rights of Series 1999 Bond Insurer.* While the Series 1999A Bond Insurance Policy or the Series 1999B Bond Insurance Policy is in effect, the State shall furnish to the Series 1999 Bond Insurer (to the attention of the Surveillance Department, unless otherwise indicated):

(1) as soon as practicable after the filing thereof, a copy of any financial statement of the State and a copy of any audit and annual report of the State;

(2) a copy of any notice to be given to the registered owners of the Series 1999 Bonds, including, without limitation, notice of any redemption of or defeasance of Series 1999 Bonds, and any certificate rendered pursuant to this resolution relating to the security for the Series 1999 Bonds; and

(3) such additional information the Series 1999 Bond Insurer may reasonably request.

(i) *Notices.* The State shall notify the Series 1999 Bond Insurer of any failure of the State to provide relevant notices or certificates.

(j) *Access to Insurer.* The State will permit the Series 1999 Bond Insurer to discuss the affairs, finances and accounts of the State or any information the Series 1999 Bond Insurer may reasonably request regarding the security for the Series 1999 Bonds with appropriate officers of the State. The State will permit the Series 1999 Bond Insurer to have access to and to make copies of all books and records relating to the Series 1999 Bonds at any reasonable time.

(k) *Accounting.* The Series 1999 Bond Insurer shall have the right to direct an accounting at the State's expense, and the State's failure to comply with such direction within 30 days after receipt of written notice at the direction from the Series 1999 Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 1999 Bonds.

(l) *Notice of Deficiency.* Notwithstanding any other provision of this resolution, the State shall immediately notify the Series 1999 Bond Insurer if at any time there are insufficient money to make any payments of principal and/or interest on the Series 1999 Bonds as required.

## ARTICLE IX MISCELLANEOUS

SECTION 9.01. Liability of State Limited to Revenues. Notwithstanding anything in the Bond Resolution contained, the State shall not be required to advance any moneys derived from the proceeds of any taxes, or from any source of income other than the Revenues, for the payment of the principal of or interest on the Parity Bonds, for the maintenance and operation of the airports or for the performance of any covenants herein contained. Nevertheless, the State may, but shall not be required to, advance for any of the purposes hereof any moneys which the Legislature may hereafter authorize.

The Parity Bonds shall be revenue bonds, secured exclusively by the Revenues as in the Bond Resolution provided. The Parity Bonds are not a general obligation of the State, and the general fund of the State is not liable, and the credit or taxing power of the State is not pledged, for the payment of the Parity Bonds or their interest. The owners of the Parity Bonds, or the coupons thereto appertaining, shall never have the right to compel the exercise of the taxing power by the State or the forfeiture of any property of the State.

SECTION 9.02. Benefits of Resolution Limited to Parties. Nothing in the Bond Resolution, expressed or implied, is intended to give to any person other than the State, the Registrar, the Paying Agents and the owners of the Parity Bonds and coupons, any right, remedy or claim under or by reason of the Bond Resolution. Any covenants, stipulations, promises or agreements in the Bond Resolution contained by and on behalf of the State shall be for the sole and exclusive benefit of the owners of the Parity Bonds and coupons, the Registrar.

SECTION 9.03. Successor Is Deemed Included in All References to Predecessor. Whenever in the Bond Resolution the Committee, any officer of the State, the Registrar is named

or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Bond Resolution contained by or on behalf of the Committee, any officer of the State or the Registrar shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.04. Discharge of Bond Resolution; Resolution No. 68-4.

If—

(i) all of the outstanding Parity Bonds shall have matured, or if notice of redemption of all of the outstanding Parity Bonds prior to maturity shall have been given, or provision satisfactory to the Registrar shall have been irrevocably made for the giving of such notice, and if the State shall have deposited with the Registrar, in trust, funds pursuant to the Bond Resolution sufficient to pay and available for the payment of all amounts then due and thereafter to become due on all Parity Bonds, including all principal, interest and redemption premiums, or

(ii) all of the outstanding Parity Bonds are to be refunded, and the conditions set forth in Section 2.04 have been satisfied with respect to such Parity Bonds,

then, at the election of the State, and notwithstanding that any Parity Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in the Bond Resolution and all other obligations of the State under the Bond Resolution shall cease and terminate, except only the obligation of the State to pay or cause to be paid to the owners of the Parity Bonds and interest coupons not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Registrar.

Notwithstanding anything herein to the contrary, this resolution shall not be terminated until all obligations and amounts due and owing to any Credit Facility Issuer, including but not limited to the Series 1999 Bond Insurer and the Series 1999 Surety Bond Issuer have been paid and satisfied in full.

Any funds held by any Registrar, at the time of receipt by the Registrar of such notice from the State, which are not required for the purpose above mentioned, shall be paid over to the Registrar. Any funds thereafter held by the Registrar, which are not required for said purpose, shall be paid over to the State.

This resolution is intended to replace and supersede Resolution No. 68-4 of the Committee, and upon the approval hereof and the approval of MBIA, Resolution No. 68-4 shall be of no further force and effect, having been completely replaced and superseded by this resolution. Resolution No. 93-5 shall remain in full force and effect, as a supplement, to be implemented consistent with the terms of this resolution.

SECTION 9.05. Execution of Documents by Parity Bondowners. Any request, consent or other instrument which the Bond Resolution may require or permit to be executed by

Parity Bondowners may be in one or more instruments of substantially similar tenor, and shall be executed by Parity Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Parity Bondowner or his attorney of any such request, consent or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the amount of Parity Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Parity Bondowner, the numbers of the Parity Bonds held by such person, and the date of his holding such Parity Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Registrar, executed by a trust company, bank, banker or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Parity Bonds described in such certificate. The Registrar and the State may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Parity Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Registrar may deem sufficient. The Registrar may nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable. The ownership of registered Parity Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent or other instrument or writing of the owner of any Parity Bond shall bind all future owners of such Parity Bond in respect of anything done or suffered to be done by the Registrar or the State in good faith and in accordance therewith.

SECTION 9.06. Waiver of Personal Liability. No member of the Committee and no officer, agent or employee of the State, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal or interest on the Parity Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. Publication for Successive Weeks. Any publication to be made under the provisions of the Bond Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

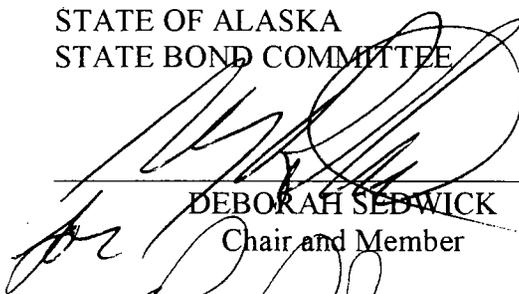
SECTION 9.08. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this resolution on the part of the State (or of the Registrar) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the this resolution or of the Parity Bonds; but the Parity Bondowners shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

SECTION 9.09. Restatement; Repeal of Inconsistent Resolutions. This resolution amends and restates Resolution No. 68-4, and following the approval of this resolution, Resolution No. 68-4, as originally enacted, shall be of no further force and effect. Any resolution of the Committee and any part of any resolution, inconsistent with this resolution, is hereby repealed to the extent of such inconsistency.

SECTION 9.10. Effective Date. This resolution shall become effective immediately upon its adoption.

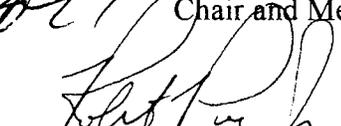
ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 28th day of January, 1999.

STATE OF ALASKA  
STATE BOND COMMITTEE



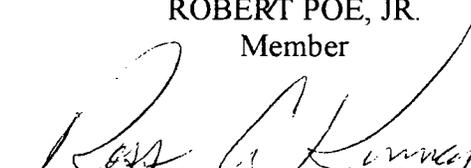
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DEBORAH SEDWICK  
Chair and Member



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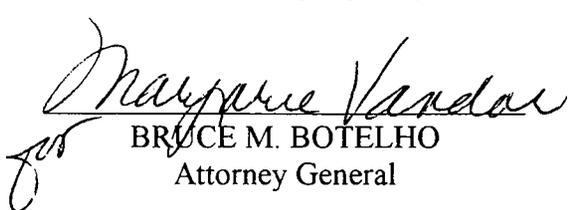
ROBERT POE, JR.  
Member



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WILSON L. CONDON  
Secretary and Member

APPROVED AS TO FORM:



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BRUCE M. BOTELHO  
Attorney General

EXHIBIT A

SERIES 1999A COMPONENTS

1. Project Design and Administration.
2. Concourse C Replacement.
3. Terminal Renovation.
4. Roads and Parking.
5. Airside Apron Improvements.

**STATE OF ALASKA  
INTERNATIONAL AIRPORTS SYSTEM REVENUE BONDS  
SERIES 1999A AND SERIES 1999B**

**CERTIFICATE**

I, the undersigned, Charles Reilly, on behalf of MBIA Insurance Corporation, Armonk, New York, hereby execute this certificate on behalf of MBIA:

1. MBIA is the issuer of the policy of municipal bond insurance securing the repayment of the State of Alaska International Airports System Revenue Bonds, Series I and Series H (the "Outstanding Parity Bonds").

2. Under the terms of Resolution No. 68-4 and Resolution No. 93-5, each adopted by the State Bond Committee of the State of Alaska, MBIA is deemed to be the owner and holder of all Outstanding Parity Bonds for purposes of granting or withholding any consents to the amendment or supplement to said Resolution No. 68-4 and Resolution No. 93-5.

3. The undersigned has reviewed the terms of Resolution No. 99-01, attached hereto and hereby consents to its adoption in amendment and restatement of Resolution No. 68-4.

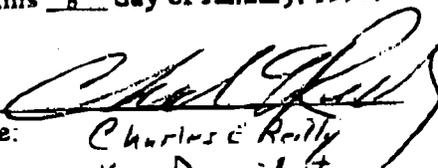
4. The undersigned acknowledges and understands that no other owners or holders of the Outstanding Parity Bonds will be notified of the adoption of said Resolution No. 99-01. MBIA is acting on behalf of the owners and holders of the Outstanding Parity Bonds in granting this approval without reliance upon or consultation with any of the owners or holders of the Outstanding Parity Bonds.

5. The undersigned acknowledges that Bond Counsel to the State will rely upon this certification in delivering its opinion to the effect that the Series 1999 Bonds may be issued on a parity of lien with the Outstanding Parity Bonds.

IN WITNESS WHEREOF, I have hereunto set my hand this 8<sup>th</sup> day of January, 1999.

Typed Name:

Title:

  
Charles E. Reilly  
Vice President

STATE BOND COMMITTEE  
OF THE STATE OF ALASKA

SUPPLEMENTAL RESOLUTION NO. 99-07

Providing for the Issuance of

\$25,000,000

State of Alaska International Airports System Revenue Bonds, Series 1999C

Adopted October 15, 1999

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STATE BOND COMMITTEE

SUPPLEMENTAL RESOLUTION NO. 99-07

**A Resolution of the State Bond Committee of the State of Alaska; authorizing the issuance and sale of revenue bonds of the Alaska International Airports System; approving certain protective covenants; authorizing the issuance of a Series of revenue bonds for the purpose of financing improvements; approving an agreement for ongoing disclosure and approving a bond purchase contract (supplemental to Resolution No. 99-01, adopted January 28, 1999).**

WHEREAS, Chapter 88, SLA 1961, as amended (herein called the "1961 Act"), authorized the issuance and sale of revenue bonds of the State of Alaska (the "State") to acquire, equip, construct and install additions, improvements, extensions and facilities, all as more fully described in the Act and in this resolution, at the international airports owned and operated by the State and located at or near the cities of Anchorage and Fairbanks (defined with more particularity hereinafter as the "AIAS"); and

WHEREAS, the 1961 Act has been amended from time to time, most recently by Chapter 80, SLA 99 (the "1999 Authorization") and is codified as AS 37.15.410 to 37.15.550 (collectively, the "Act"); and

WHEREAS, the 1999 Authorization increased the aggregate principal amount of airport revenue bonds authorized to be issued under the Act to \$305,000,000; and

WHEREAS, the State Bond Committee adopted Resolution No. 99-01 (the "Resolution") authorizing the issuance of two Series of airport revenue bonds;

WHEREAS, the State has issued and outstanding the following described airport revenue bonds:

Original Authorizing Resolution No.	Designation	Dated Date of Issue	Original Principal Amount	Current Outstanding Principal Amount (as of 10/1/99)
93-5 & 68-4	International Airports Refunding Revenue Bonds, Series I	8/1/93	\$ 34,755,000	\$ 28,040,000
99-01	International Airports Revenue Bonds, Series 1999A	1/15/99	\$162,500,000	\$162,500,000
99-01	International Airports Revenue Bonds, Series 1999B	1/15/99	\$ 16,675,000	\$ 16,675,000

(collectively, the "Outstanding Parity Bonds"); and

WHEREAS, the Resolution provides that the Committee may by supplemental resolution establish one or more other series of Bonds, and the State may issue, and the Trustee may authenticate and deliver, Bonds of any series so established, in such principal amount as shall be determined by the Committee, subject to the conditions and limitations contained in Sections 2.02, 2.03 and 2.04 of the Resolution; and

WHEREAS, Resolution No. 98-6 of the State Bond Committee appointed an underwriting team for the underwriting of the Series 1999 Bonds (the "Underwriters"); and

WHEREAS, the Committee has determined that Bonds of Series 1999C in the aggregate principal amount of \$25,000,000, should be issued and sold pursuant to the Resolution; and

WHEREAS, in its determination of all of the matters and questions relating to the issuance and sale of the Bonds of Series 1999C and the fixing of the maturities, terms, conditions and covenants thereof as provided in the Act, the decisions of the committee, as expressed in this First Supplemental Resolution, were and are those found to be reasonably necessary for the best interests of the State and its inhabitants and those which will accomplish the most advantageous sale of the Bonds of Series 1999C with due regard, however, for necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to said airports and to all improvements thereto and facilities thereof owned, used, operated or leased in connection therewith, the future growth and expansion of the airports and all of such facilities, and the possibility of additional revenue bond financing for airports purposes; and

WHEREAS, the terms, conditions and covenants providing for the payment of the principal of the Bonds of Series 1999C and interest thereon and the other terms, conditions, covenants and protective features safeguarding such payment and relating to the maintenance, operation and improvement of said airports set forth in the Resolution and this First Supplemental Resolution have been found to be necessary by the Committee; and

WHEREAS, the conditions and limitations contained in Section 2.03 of the Resolution have been satisfied or will be satisfied at the time of issuance of the Bonds of Series 1999C; and

WHEREAS, the signatory airlines under the AIAS operating agreements have been given the opportunity to review and comment on drafts of this resolution and drafts of the official statement for the sale of the bonds authorized herein (the "Series 1999C Bonds"); and

WHEREAS, the Underwriters have presented an offer to purchase the Series 1999C Bonds deemed to be in the best interests of the State and the AIAS;

NOW THEREFORE, BE IT RESOLVED by the State Bond Committee of the State of Alaska, as follows:

ARTICLE X  
DEFINITIONS AND RULES OF CONSTRUCTION

Section 10.01. Definitions. For purposes of this First Supplemental Resolution, and of any certificate, opinion or other document mentioned herein, the following capitalized terms shall have the meanings specified in this Section 10.01. Unless otherwise defined in this First Supplemental Resolution, all capitalized terms used herein shall have the meanings assigned to such terms in the Resolution. Capitalized terms defined in the recitals hereto shall have the meanings set forth in the recitals hereto.

***Outstanding Parity Bonds*** means the (i) State of Alaska International Airports Refunding Revenue Bonds, Series I, issued in the initial principal amount of \$34,755,000 pursuant to Supplemental Resolution No. 93-5, under date of August 1, 1993, and currently outstanding in the aggregate principal amount of \$28,040,000; (ii) State of Alaska International Airports System Revenue Bonds, Series 1999A, issued in the initial principal amount of \$162,500,000 pursuant to Resolution No. 99-01, under date of January 15, 1999, and currently outstanding in the aggregate principal amount of \$162,500,000; and (iii) State of Alaska International Airports System Revenue Bonds, Series 1999B, issued in the initial principal amount of \$16,675,000 pursuant to Resolution No. 99-01, under date of January 15, 1999, and currently outstanding in the aggregate principal amount of \$16,675,000.

***Resolution*** means Resolution No. 99-01 adopted by the Committee on January 28, 1999

***Series 1999C Bonds*** means the State of Alaska International Airports System Revenue Bonds, Series 1999C, issued pursuant to the Resolution and Article XI of this First Supplemental Resolution.

***Series 1999C Bond Insurer*** means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

***Series 1999C Bond Insurance Policy*** means the municipal bond insurance policy to be issued by the Series 1999C Bond Insurer simultaneously with the delivery of the Series 1999C Bonds, insuring the payment when due of the principal of and interest on the Series 1999C Bonds as provided therein.

***Series 1999C Components*** means the components of the Anchorage Airport Project identified on Exhibit A attached hereto.

***Series 1999C Surety Bond*** shall mean the surety bond issued by the Series 1999C Surety Bond Issuer guaranteeing certain payments into the Reserve Account with respect to the Series 1999C Bonds as provided therein and subject to the limitations set forth within.

***Series 1999C Surety Bond Issuer*** means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

Section 10.02. Rules of Construction. The following rules of construction shall be applied to this First Supplemental Resolution.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this First Supplemental Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this First Supplemental Resolution as a whole and not to any particular Article, Section or subdivision hereof.

(d) In this First Supplemental Resolution, the words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the form of Parity Bond) refer to this entire First Supplemental Resolution.

(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action hereunder by the AIAS shall, unless the form thereof is specifically provided, be in writing signed by the Authorized AIAS Representative.

Section 10.03. Effect of Resolution. Except as expressly provided herein, every term and condition contained in the Resolution shall apply to this First Supplemental Resolution and to the Series 1999C Bonds with the same force and effect as if the same were set forth herein at length.

## ARTICLE XI THE SERIES 1999C BONDS

Section 11.01. Authorization of the Series 1999C Bonds. The State shall issue the Series 1999C Bonds as authorized by the Act, in the principal amount of \$25,000,000 for the purpose of providing part of the funds necessary to (i) pay the costs of the Series 1999C Components, (ii) pay the costs of purchasing a surety bond to fund a portion of the Reserve Requirement, and (iii) pay all costs incidental to the foregoing and to the issuance of the Series 1999C Bonds including the Series 1999C Bond Insurance Policy premium for the Series 1999C Bonds.

### Section 11.02. Bond Details.

(a) *Description of the Series 1999C Bonds.* The Series 1999C Bonds shall be designated as "State of Alaska International Airports System Revenue Bonds, Series 1999C," shall be registered as to both principal and interest and shall be numbered separately in the

manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated October 1, 1999, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Series 1999C Bond shall represent more than one maturity), shall bear interest from October 1, 1999 until the Series 1999C Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on April 1, 2000, and shall mature on the following dates in the following years in the following amounts and bear interest at the following rates per annum:

Maturity Years (October 1)	Principal Amounts	Interest Rates
2002	\$ 570,000	4.850%
2003	610,000	5.000
2004	630,000	5.000
2005	660,000	5.000
2006	695,000	5.000
2007	730,000	5.100
2008	765,000	5.250
2009	805,000	5.300
2010	845,000	5.400
2011	895,000	5.600
2012	945,000	5.700
2013	995,000	5.750
2014	1,045,000	5.750
2017	3,555,000	6.100
2024	11,255,000	6.220

(b) *Series 1999C Bonds a Special Fund Obligation.* The Series 1999C Bonds are not general obligations of the State, and no tax revenues of the State may be used to pay the principal of, premium, if any, and interest on the Series 1999C Bonds.

The Series 1999C Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Series 1999C Bonds do not constitute an indebtedness of the State within the meaning of the constitutional provisions and limitations of the State of Alaska.

Section 11.03. Redemption and Purchase.

(a) *Optional Redemption.* The Series 1999C Bonds maturing on and after October 1, 2010 are subject to redemption on or after October 1, 2009 in whole or in part at any time, with maturities to be selected by the State, at a price of par, plus accrued interest, if any, to the date of redemption.

(b) *Mandatory Redemption.* Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1999C Bonds stated to mature on October 1, 2017 are subject to mandatory redemption on October 1 of the following years in the following principal amounts, at a price of par:

Redemption Years	Amounts
2015	\$ 1,115,000
2016	1,185,000
2017*	1,255,000

\* Maturity

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Series 1999C Bonds stated to mature on October 1, 2024 are subject to mandatory redemption on October 1 of the following years in the following principal amounts, at a price of par:

Redemption Years	Amounts
2018	\$ 1,330,000
2019	1,415,000
2020	1,505,000
2021	1,595,000
2022	1,695,000
2023	1,800,000
2024*	1,915,000

\* Maturity

(c) *Purchase of the Series 1999C Bonds for Retirement.* The State reserves the right to use at any time any Revenue on deposit in the Revenue Fund available after providing for the payments authorized by Section 3.02(c)(1) through (3) of the Resolution to purchase for retirement any of the Series 1999C Bonds offered to the State at any price deemed reasonable to the State's Debt Manager.

(d) *Effect of Optional Redemption/Purchase.* To the extent that the State shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the State may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Representative.

(e) *Selection of the Series 1999C Bonds for Redemption.* The maturities to be redeemed shall be selected by the State and, within a maturity, as long as the Series 1999C Bonds are held in book-entry only form, the selection of the Series 1999C Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 1999C Bonds are no longer held in uncertificated form, the selection of such Series 1999C Bonds to be redeemed shall be made as provided in this subsection (e). If the State redeems at any one time fewer than all of the Series 1999C Bonds having the same maturity date, the particular Series 1999C Bonds or portions of Series 1999C Bonds of maturity to be redeemed

shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Series 1999C Bond of a denomination greater than \$5,000, the State and Registrar shall treat each Series 1999C Bond as representing such number of separate Series 1999C Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 1999C Bond by \$5,000. In the event that only a portion of the principal sum of a Series 1999C Bond is redeemed, upon surrender of the such Series 1999C Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof or, at the option of the Registered Owner, a Series 1999C Bond of like maturity and interest rate in any of the denominations herein authorized.

(f) *Notice of Redemption.*

(i) Official Notice. Unless waived by any owner of the Series 1999C Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 1999C Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all Outstanding Series 1999C Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Series 1999C Bonds to be redeemed,
- (D) that on the date fixed for redemption, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Series 1999C Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (E) the place where such Series 1999C Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the State has revoked the notice of redemption in the case of an optional redemption, on or prior to any redemption date, the State shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 1999C Bonds or portions of the Series 1999C Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 1999C Bond or any defect in such notice shall not invalidate redemption of any other Series 1999C Bond.

Notwithstanding the foregoing, if the Series 1999C Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than 30 days prior to the date of redemption.

(ii) Effect of Notice; Series 1999C Bonds Due. Official notice of redemption having been given as aforesaid, the Series 1999C Bonds or portions of the Series 1999C Bonds to be so redeemed shall, on the redemption date (unless in the case of optional redemption the State shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Series 1999C Bonds or portions of the Series 1999C Bonds shall cease to bear interest. Upon surrender of such Series 1999C Bonds for redemption in accordance with said notice, such Series 1999C Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 1999C Bond, there shall be prepared for the Registered Owner a new Series 1999C Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All Series 1999C Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the State as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Series 1999C Bonds being redeemed; (B) the date of issue of the Series 1999C Bonds as originally issued; (C) the rate of interest borne by each Series 1999C Bond being redeemed; (D) the maturity date of each Series 1999C Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 1999C Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the Series 1999C Bond Insurer, and to each NRMSIR, the SID, if any, and to the Underwriters or to their business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Series 1999C Bonds.

(iv) Use of CUSIP Numbers. Upon the payment of the redemption price of the Series 1999C Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the Series 1999C Bonds being redeemed with the proceeds of such check or other transfer.

(v) Amendment of Notice Provisions. The foregoing notice provisions of this Section 11.03, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any owners of the Series 1999C Bonds by additions, deletions and changes in order to maintain

compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 11.04. Place and Medium of Payment. The principal of, premium, if any, and interest on the Series 1999C Bonds shall be payable in lawful money of the United States of America. Interest on the Series 1999C Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months). For so long as all Series 1999C Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 1999C Bonds are no longer in fully immobilized form, interest on the Series 1999C Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Series 1999C Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Series 1999C Bonds at the addresses for such Registered Owners appearing on the Series 1999C Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Series 1999C Bonds shall be payable upon presentation and surrender of such Series 1999C Bonds by the Registered Owners at the principal office of the Registrar.

Section 11.05. Registration.

(a) *Registrar/Series 1999C Bond Register.* So long as any Series 1999C Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of the Series 1999C Bonds at its principal corporate trust office. The Registrar may be removed at any time as provided in Section 5.01 of the Resolution upon prior notice to the Bond Insurer, as the case may be, DTC, each NRMSIR and the SID, if any, and a successor Registrar appointed by the Committee. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the State, to authenticate and deliver the Series 1999C Bonds transferred or exchanged in accordance with the provisions of such Series 1999C Bonds and this resolution and to carry out all of the Registrar's powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 1999C Bonds.

(b) *Registered Ownership.* The State and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Series 1999C Bond as the absolute owner thereof for all purposes (except as provided in Section 11.14 of this First Supplemental Resolution), and neither the State nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 1999C Bond shall be made only as described in Section 11.04 hereof, but such Series 1999C Bond may be transferred as herein provided. All such payments made as described in Section 11.04 shall be valid and shall satisfy and discharge the liability of the State upon such Series 1999C Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Series 1999C Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Series 1999C Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on the Series 1999C Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the State to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series 1999C Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series 1999C Bonds.

If any Series 1999C Bond shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Series 1999C Bond until such Series 1999C Bond is paid.

(d) *Use of Depository.*

(i) The Series 1999C Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Series 1999C Bond maturing on each of the maturity dates for the Series 1999C Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 1999C Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Committee pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding Series 1999C Bonds, together with a written request on behalf of the Committee, issue a single new Series 1999C Bond for each maturity of the Series 1999C Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be

obtained, or (B) the Committee determines that it is in the best interest of the beneficial owners of the Series 1999C Bonds that such owners be able to obtain such bonds in the form of Series 1999C Bond certificates, the ownership of such Series 1999C Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Committee shall deliver a written request to the Registrar, together with a supply of definitive Series 1999C Bonds, to issue Series 1999C Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 1999C Bonds together with a written request on behalf of the Committee to the Registrar, new Series 1999C Bonds shall be issued in the appropriate denominations and Series and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 1999C Bond may be registered and Series 1999C Bonds may be exchanged, but no transfer of any such Series 1999C Bond shall be valid unless such Series 1999C Bond is surrendered to the Registrar with the assignment form appearing on such Series 1999C Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 1999C Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 1999C Bond (or Series 1999C Bonds at the option of the new Registered Owner) of the same date, Series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 1999C Bond, in exchange for such surrendered and canceled Series 1999C Bond. Any Series 1999C Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of the Series 1999C Bonds of the same date, Series, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Series 1999C Bond during the 15 days preceding the date any such Series 1999C Bond is to be redeemed.

(f) *Registrar's Ownership of the Series 1999C Bonds.* The Registrar may become the Registered Owner of any Series 1999C Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Series 1999C Bonds.

(g) *Registration Covenant.* The State covenants that, until all Series 1999C Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 1999C Bond that complies with the provisions of Section 149 of the Code.

Section 11.06. Application of Proceeds of the Series 1999C Bonds. Upon receipt of payment for any of the Series 1999C Bonds when the same shall have been sold by the State, the State shall forthwith deposit the proceeds received from such sale in the following respective funds:

(a) The State shall deposit with the Registrar in the Interest Account established pursuant to Section 3.02 of the Resolution the accrued interest to the date of payment of the purchase price of the Series 1999C Bonds received upon the sale thereof.

(b) The State shall transfer the insurance premium for the Series 1999C Bond Insurance Policy to the Series 1999C Bond Insurer.

(c) The State shall transfer the premium due to the Series 1999C Surety Bond Issuer in connection with the issuance of the Series 1999C Surety Bond.

(d) The State shall set aside the sum of \$2,817,029.86 from the Series 1999C Bonds for deposit into a special account within the Construction Fund to be designated as the Series 1999C Capitalized Interest Account.

(e) The State shall deposit the remainder of such proceeds (the "Net Proceeds") in the Construction Fund.

Section 11.07. Construction Fund and Reserve Account.

(a) *Construction Fund.* The Net Proceeds of the Series 1999C Bonds shall be deposited in the Construction Fund maintained in the State Treasury. However, the net proceeds of the Series 1999C Bonds shall be segregated for purposes of accounting for expenditures. A separate account is authorized to be maintained in the State Treasury's Construction Fund, for the Series 1999C Bond proceeds and the interest and investment earnings (proceeds of the sale and reinvestment) thereon. Disbursements shall be made from the proceeds of the Series 1999C Bonds to pay or reimburse the State for its payment of the costs of the Series 1999C Components and the costs of issuance of the Series 1999C Bonds.

The proceeds of the Series 1999C Bonds deposited in the Series 1999C Capitalized Interest Account, together with interest earnings thereon, may be used at the direction of the Authorized AIAS Representative to pay interest on the Series 1999C Bonds pending completion of the Series 1999C Components. In the alternative, money in the Series 1999C Capitalized Interest Account may be used to pay costs of the Series 1999C Components at the direction of the Commissioner of Transportation and Public Facilities, to the extent permitted within the then current appropriation available for the Series 1999C Components.

Money in the Construction Fund pursuant to Section 8.07(a) and this Section 11.07(a) may be invested in those obligations identified as "Permitted Investments". In addition, such proceeds may be invested in any of the investment pools operated by the Department of Revenue. Earnings on such investments shall accrue to the benefit of the respective account and subaccount for each Series of Bonds except as may be required to be used to pay the Rebatable Arbitrage pursuant to this resolution. The allocation of interest earnings and investment earnings of the Series 1999C Bonds will be made utilizing the State's accounting system and cooperation through the Department of Transportation and Public Facilities, the Department of Administration, Division of Finance and the Department of Revenue, Treasury Division. Any balance remaining with respect to each Series of Bonds after the completion of the Series 1999A Components, the Series 1999B Components, and the Series 1999C Components, and after all the costs thereof have been paid, shall be transferred to the Bond Fund.

(b) *Reserve Account.* There is hereby authorized to be created in the Reserve Account a subaccount for the Series 1999C Bonds. The State hereby covenants and agrees that on the date of issuance of the Series 1999C Bonds, it will cause the Surety Bond Issuer to deliver

a surety bond to the Registrar in the amount equal to \$2,043,649, which with the remaining balance on hand in the Reserve Account (currently in the form of a surety bond) to be equal to the Reserve Requirement. The Designated Representative is hereby authorized to execute and deliver a guaranty agreement with the Series 1999C Surety Bond Issuer substantially in the form of such exhibit to the commitment dated September 3, 1999, from the Series 1999C Surety Bond Issuer for the Series 1999C Bonds.

Section 11.08. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of any Series 1999C Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if such Series 1999C Bonds are to be redeemed prior to maturity, irrevocable notice, or instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 1999C Bonds so provided for and such Series 1999C Bonds shall then cease to be entitled to any lien, benefit or security of this resolution, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such Series 1999C Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the State.

Within 45 days of any defeasance of the Series 1999C Bonds, the State shall provide notice of defeasance of the Series 1999C Bonds to Registered Owners of the Series 1999C Bonds being defeased, to the Series 1999C Bond Insurer, as applicable, and to each NRMSIR and SID, if any, in accordance with Section 11.14.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 1999C Bonds shall be paid by the Series 1999C Bond Insurer pursuant to the Series 1999C Insurance Policy, the Series 1999C Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Series 1999C Bond Insurer, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Series 1999C Bond Insurer to the Registered Owners shall continue to exist and shall run to the Benefit of the Series 1999C Bond Insurer, and the Series 1999C Bonds Insurer shall be subrogated to the rights of such Registered Owners.

Section 11.09. Tax Covenants. The State covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 1999C Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Series 1999C Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the State covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 1999C Bonds or any other funds of the State which may be deemed to be proceeds of the Series 1999C Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates

of delivery of the Series 1999C Bonds to the initial purchasers thereof, would have caused the Series 1999C Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

The State represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The State will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 1999C Bonds.

(b) *Rebatable Arbitrage.*

(i) *General Rule.* The State will pay to the United States of America in accordance with the provisions of this Section 11.09(b): (A) rebate installment payments which, when added to the future value as of the Computation Date of all previous rebate payments made with respect to the Series 1999C Bonds, equal at least 90% of the Rebatable Arbitrage with respect to the Series 1999C Bonds; and (B) a final rebate installment payment in an amount which, when added to the future value of all previous rebate payments made with respect to the Series 1999C Bonds, equals 100% of the Rebatable Arbitrage.

(ii) *Computation of Rebatable Arbitrage.* As of any Computation Date, the Rebatable Arbitrage for the Series 1999C Bonds is the excess of the future value, as of such date, of all Receipts over the future value, as of such date, of all Payments.

(iii) *Payment Procedure.* (A) The first rebate installment payment will be made for a Computation Date that is no later than five years after the issue date of the Series 1999C Bonds. Subsequent rebate installment payments will be made for a Computation Date that is not later than five years after the previous Computation Date for which rebate installment payment was made. Each rebate installment payment will be paid no later than 60 days after the Computation Date to which the payment relates.

(B) A final rebate payment will be paid within 60 days of the date the Series 1999C Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations.

(C) Each payment of Rebatable Arbitrage will be made to the Internal Revenue Service Center, Ogden, Utah 84201 and will be accompanied by IRS Form 8038-T.

(c) *Use of Proceeds of the Series 1999C Bonds.* The Series 1999C Components include only facilities that are directly related and essential to:

(i) servicing aircraft or enabling aircraft to take off and land or

(ii) transferring passengers or cargo to or from aircraft or functionally related and subordinate to such airport facilities;

The State will, at all times while the Series 1999C Bonds are Outstanding be the owner of all elements of the Series 1999C Components being financed with such Series 1999C Bonds. If

any portion of the Series 1999C Components is the subject of a lease or management contract with an entity other than a governmental unit, then the lease or management contract must meet the requirements of Section 142(b)(1)(B) of the Code.

The Series 1999C Components shall not include any:

- (i) lodging facility,
- (ii) retail facility (including food and beverage facilities) in excess of a size necessary to serve passengers and employees,
- (iii) retail facility (other than parking) for passengers or the general public located outside the airport,
- (iv) office building for persons who are not employees of a governmental unit or the State,
- (v) industrial park or manufacturing facility, that is to be used for any private business use (within the meaning of Section 141(b)(6) of the Code).

Any element of any Series 1999C Components that is an office must be located at the airport and no more than a de minimis amount of the functions performed at such office may not be directly related to day-to-day operations of the airport. Any storage or training facilities included in any project must be located at the airport and must be of a character and size commensurate with the character and size of the airport.

All elements of the Series 1999C Components need to be located at or in close proximity to the take-off and landing area in order to perform their functions.

Any land acquired by the State as a part of the Series 1999C Components will be (A) acquired solely to mitigate damages attributable to airport noise or (B) land that is adjacent to the airport, impaired by a significant level of airport noise and (1) in the case of improved land, use of the land and improvements before acquisition is incompatible with the airport noise level, use after acquisition is compatible with the airport noise level and the post-acquisition use is essentially different from the pre-acquisition use or (2) in the case of unimproved land (including agricultural land), use of the land after its acquisition will not be incompatible with the level of airport noise.

(d) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 1999C Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof (and without the consent of the Bond Insurer, the Registrar or any Registered Owner) upon receipt of an opinion of the State's Bond Counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 1999C Bonds.

Section 11.10. Lost, Stolen, Mutilated or Destroyed Series 1999C Bonds. In case any Series 1999C Bond or Series 1999C Bonds shall be lost, stolen, mutilated or destroyed, the

Registrar may execute and deliver a new Series 1999C Bond or Series 1999C Bonds of like date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the State in connection therewith and upon his filing with the State evidence satisfactory to the State that such Series 1999C Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 1999C Bond) and of his ownership thereof, and upon furnishing the State with indemnity satisfactory to the State.

Section 11.11. Form of the Series 1999C Bonds and Registration Certificate.

(a) *Required Recital.* Each Series 1999C Bond shall include a recital to the effect that it is issued under AS 37.15.410 - 37.15.550.

(b) *Series 1999C Bonds.* The Series 1999C Bonds shall be in substantially the following form:

STATEMENT OF INSURANCE

Municipal Bond Insurance Policy No. 16835BE (the "Policy") with respect to payments due for principal of and interest on this bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE BOND, SERIES 1999C

Maturity Date:

CUSIP No. \_\_\_\_\_

Interest Rate:

Registered Owner:

Principal Amount:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from October 1, 1999, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on April 1, 2000. The principal of, premium, if any, and interest on this bond are payable in lawful money of the

United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of Chase Manhattan Trust Company, National Association, Seattle, Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of \$25,000,000 of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 – 37.15.550 and pursuant to Resolution No. 99-01 as supplemented by Supplemental Resolution No. 99-07 of the State Bond Committee (collectively, the "Bond Resolution") to finance additions and improvements to its airport properties and facilities.

The bonds of this issue maturing on and after October 1, 2010 shall be subject to optional redemption in advance of their scheduled maturity on or after October 1, 2009 in whole or in part at any time, with maturities to be selected by the State, at a price of par, plus accrued interest, if any, to the date of redemption.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2017 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2015	\$ 1,115,000
2016	1,185,000
2017*	1,255,000

\* Maturity

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2024 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Years	Amounts
2018	\$ 1,330,000
2019	1,415,000
2020	1,505,000
2021	1,595,000
2022	1,695,000
2023	1,800,000
2024*	1,915,000

\* Maturity

The bonds of this series are private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The State and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenues and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenues into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenues, if any, equal in rank to the lien and charge upon such Revenues of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska, has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the 1st day of October, 1999.

STATE OF ALASKA

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Governor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Lieutenant Governor

## CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue Bonds, Series 1999C of the State of Alaska, dated October 1, 1999.

CHASE MANHATTAN TRUST  
COMPANY, NATIONAL ASSOCIATION,  
Registrar

By \_\_\_\_\_  
Authorized Signer

In the event any Series 1999C Bonds are no longer in fully immobilized form, the form of such Series 1999C Bonds may be modified to conform to printing requirements and the terms of this resolution.

Section 11.12. Execution. The Series 1999C Bonds shall be executed on behalf of the State with the manual or facsimile signature of the Governor, shall be attested by the manual or facsimile signature of the Lieutenant Governor and shall have the seal of the State impressed or a facsimile thereof imprinted thereon.

Only such Series 1999C Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 1999C Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers of the State who shall have executed the Series 1999C Bonds shall cease to be such officer or officers of the State before the Series 1999C Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the State, such Series 1999C Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Series 1999C Bond may also be signed and attested on behalf of the State by such persons as at the actual date of execution of such Series 1999C Bond shall be the proper officers of the State although at the original date of such Series 1999C Bond any such person shall not have been such officer.

Section 11.13. Sale of the Series 1999C Bonds. The Series 1999C Bonds shall be sold by negotiated sale to the Underwriters under the terms of a Bond Purchase Contract, dated as of this date (the "Bond Purchase Contract"). The Bond Purchase Contract is hereby approved, and the Designated Representative is hereby authorized and directed to execute the Bond Purchase Contract. Upon the adoption of this resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all action necessary for the

prompt execution and delivery of the Series 1999C Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 1999C Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the State, the Official Statement (and any Preliminary Official Statement) relating to the issuance and sale of the Series 1999C Bonds and the distribution of the Series 1999C Bonds pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

As a condition precedent to the issuance of the Series 1999C Bonds, the State shall comply with the provisions of Sections 2.02 and 2.03 of the Resolution, so that the Series 1999C Bonds may be issued as Parity Bonds.

Section 11.14. Undertaking to Provide Ongoing Disclosure. The Committee hereby authorizes the Debt Manager to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Series 1999C Bonds for the benefit of the Beneficial Owners of the Series 1999C Bonds in order to assist the Underwriters in complying with of the Rule.

Section 11.15. Series 1999C Bond Insurance Policy; Provisions Relating to the Series 1999C Bond Insurer.

(a) *Acceptance of Insurance.* In accordance with the offer of Underwriters to purchase the Series 1999C Bonds, the Committee hereby approves the commitment of the Series 1999C Bond Insurer to provide bond insurance policies guaranteeing the payment when due of principal of and interest on the Series 1999C Bonds (the "Series 1999C Bond Insurance Policy"). The Committee further authorizes and directs all proper officers, agents, attorneys and employees of the State to cooperate with the Series 1999C Bond Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the State as shall be necessary or advisable in providing for the Series 1999C Bond Insurance Policy.

(b) *Payments Under the Series 1999C Bond Insurance Policy.* As long as the Series 1999C Bond Insurance Policy shall be in full force and effect, the State agrees to comply with the following provisions:

(1) At least one day prior to any interest payment date, the State will determine whether there will be sufficient funds in the Bond Fund to pay the principal of or interest on the Series 1999C Bonds on such interest payment date. If the State determines that there will be insufficient funds in such fund, it shall so notify the Series 1999C Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 1999C Bonds to which such deficiency is applicable and whether such Series 1999C Bonds will be deficient as to principal or interest, or both. If the State has not so notified the Series 1999C Bond Insurer at least one day prior to an interest payment date, the Series 1999C Bond Insurer will make payments of principal or interest due on the Series 1999C Bonds on or before the first day next following the date on which the Series 1999C Bond Insurer shall have received notice of nonpayment.

(2) The State shall, after giving notice to the Series 1999C Bond Insurer as provided in (1) above, make available to the Series 1999C Bond Insurer and, at the Series 1999C Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Series 1999C Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the State maintained by the Registrar, if any, and all records relating to the funds and accounts maintained under this resolution.

(3) The State shall provide the Series 1999C Bond Insurer and the Insurance Trustee with a list of registered owners of Series 1999C Bonds entitled to receive principal or interest payments from the Series 1999C Bond Insurer under the terms of the Series 1999C Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 1999C Bonds entitled to receive full or partial interest payments from the Series 1999C Bond Insurer and (ii) to pay principal upon Series 1999C Bonds surrendered to the Insurance Trustee by the registered owners of Series 1999C Bonds entitled to receive full or partial principal payments from the Series 1999C Bond Insurer.

(4) The State shall, at the time it provides notice to the Series 1999C Bond Insurer pursuant to (1) above, notify registered owners of Series 1999C Bonds entitled to receive the payment of principal or interest thereon from the Series 1999C Bond Insurer (i) as to the fact of such entitlement, (ii) that the Series 1999C Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Series 1999C Bond Insurer, they must surrender their Series 1999C Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1999C Bonds to be registered in the name of the Series 1999C Bond Insurer) for payment to the Insurance Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Series 1999C Bond Insurer, they must surrender their Series 1999C Bonds for payment thereon first to the Registrar who shall note on such Series 1999C Bonds the portion of the principal paid by the Registrar, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(5) In the event that the Registrar has notice that any payment of principal of or interest on a Series 1999C Bond which has become due for payment and which is made to a bondholder by or on behalf of the State has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Registrar shall, at the time the Series 1999C Bond Insurer is notified pursuant to (1) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Series 1999C Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Registrar shall furnish to the Series 1999C Bond Insurer its records evidencing the payments of principal of and interest on the Series 1999C Bonds which have been made by the Registrar, and subsequently recovered from registered owners and the dates on which such payments were made.

(6) In addition to those rights granted the Series 1999C Bond Insurer under this resolution, the Series 1999C Bond Insurer shall, to the extent it makes payment of principal of or interest on Series 1999C Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 1999C Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Registrar shall note the Series 1999C Bond Insurer's rights as subrogee on the registration books of the State maintained by the Registrar upon receipt from the Series 1999C Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 1999C Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Registrar shall note the Series 1999C Bond Insurer's rights as subrogee on the registration books of the State maintained by the Registrar upon surrender of the Series 1999C Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(c) *Consent of the Series 1999C Bond Insurer.* Any provision of this resolution expressly recognizing or granting rights in or to the Series 1999C Bond Insurer may not be amended in any manner which affects the rights of the Series 1999C Bond Insurer hereunder without the prior written consent of the Series 1999C Bond Insurer.

(d) *Consent of the Series 1999C Bond Insurer in Addition to Bondholder Consent.* Unless otherwise provided in this section, the Series 1999C Bond Insurer's consent shall be required in addition to bondholder consent, when required, for the following purposes: (i) execution and delivery of any amendment, supplement or change to or modification of this resolution; (ii) removal of the Registrar and selection and appointment of any successor Registrar (other than the designated State fiscal agent); and (iii) any initiation or approval of any action not described in (i) or (ii) above which requires bondholder consent.

(e) *Consent of the Series 1999C Bond Insurer Upon Default.* Anything in this resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, the Series 1999C Bond Insurer shall be deemed to be a bondholder of the Series 1999C Bonds it insures for purposes of enforcement of all rights and remedies granted to the bondholders for the benefit of the bondholders under this resolution.

(f) *The Series 1999C Bond Insurer as Third Party Beneficiary.* To the extent that this resolution confers upon or gives or grants to the Series 1999C Bond Insurer any right, remedy or claim under or by reason of this resolution, the Series 1999C Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(g) *Parties Interested Herein.* Nothing in this resolution expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the State, the Series 1999C Bond Insurer or the Registrar, and the registered owners of the Series 1999C Bonds, any right, remedy or claim under or by reason of this resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises or agreements in this resolution contained by and on behalf of the State shall be for the sole and exclusive benefit of the State, the Series 1999C Bond Insurer, the Registrar, and the registered owners of the Series 1999C Bonds.

(h) *Rights of Series 1999C Bond Insurer.* While the Series 1999C Bond Insurance Policy is in effect, the State shall furnish to the Series 1999C Bond Insurer (to the attention of the Surveillance Department, unless otherwise indicated):

(1) as soon as practicable after the filing thereof, a copy of any financial statement of the State and a copy of any audit and annual report of the State;

(2) a copy of any notice to be given to the registered owners of the Series 1999C Bonds, including, without limitation, notice of any redemption of or defeasance of Series 1999C Bonds, and any certificate rendered pursuant to this resolution relating to the security for the Series 1999C Bonds; and

(3) such additional information the Series 1999C Bond Insurer may reasonably request.

(i) *Notices.* The State shall notify the Series 1999C Bond Insurer of any failure of the State to provide relevant notices or certificates.

(j) *Access to Insurer.* The State will permit the Series 1999C Bond Insurer to discuss the affairs, finances and accounts of the State or any information the Series 1999C Bond Insurer may reasonably request regarding the security for the Series 1999C Bonds with appropriate officers of the State. The State will permit the Series 1999C Bond Insurer to have access to and to make copies of all books and records relating to the Series 1999C Bonds at any reasonable time.

(k) *Accounting.* The Series 1999C Bond Insurer shall have the right to direct an accounting at the State's expense, and the State's failure to comply with such direction within 30 days after receipt of written notice at the direction from the Series 1999C Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 1999C Bonds.

(l) *Notice of Deficiency.* Notwithstanding any other provision of this resolution, the State shall immediately notify the Series 1999C Bond Insurer if at any time there are insufficient money to make any payments of principal and/or interest on the Series 1999C Bonds as required.

Section 11.16. Series 1999C Surety Bond; Provisions Relating to the Series 1999C Surety Bond Issuer.

(a) *Acceptance of Series 1999C Surety Bond.* In accordance with the offer of Underwriters to purchase the Series 1999C Bonds, the Committee hereby approves the commitment of the Series 1999C Surety Bond Issuer to provide a surety bond (the "Series 1999C Surety Bond") guaranteeing certain payments into the Reserve Account with respect to the Series 1999C Bonds. The Committee further authorizes and directs all proper officers, agents, attorneys and employees of the State to cooperate with the Series 1999C Surety Bond Issuer in

preparing such additional agreements, certificates, and other documentation on behalf of the State as shall be necessary or advisable in providing for the Surety Bond.

(b) *Payment Procedure Pursuant to the Series 1999C Surety Bond.* As long as the Series 1999C Surety Bond shall be in full force and effect, the State agrees to comply with the following provisions:

(1) In the event and to the extent that moneys on deposit in the Bond Fund, plus all amounts on deposit in and credited to the Reserve Account in excess of the amount of the Series 1999C Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one day after receipt by the General Counsel of the Series 1999C Surety Bond Issuer of a demand for payment in the form attached to the Series 1999C Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Registrar certifying that payment due under the Resolution has not been made to the Registrar; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Registrar to the General Counsel of the Series 1999C Surety Bond Issuer, the Series 1999C Surety Bond Issuer will make a deposit of funds in an amount with the Registrar or its successor in New York, New York, sufficient for the payment to the Registrar, of amounts which are then due to the Registrar under the Resolution (as specified in the Demand for Payment) up to but not in excess of the Series 1999C Surety Bond Coverage, as defined in the Series 1999C Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Account, in addition to the amount available under the Series 1999C Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Series 1999C Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(2) The State shall, after submitting to the Series 1999C Surety Bond Issuer as provided in (1) above, make available to the Series 1999C Surety Bond Issuer the registration books of the State maintained by the Registrar, if any, and all records relating to the funds and accounts maintained under this resolution.

(3) In the event the Registrar is in receipt of moneys received from the draw on the Series 1999C Surety Bond, as specified in the Demand for Payment, the State shall confirm with the Registrar that the Registrar has credited the Reserve Account to the extent of moneys received pursuant to such demand.

(4) The Reserve Account shall be replenished in the following priority: (i) principal and interest on the Series 1999C Surety Bond shall be paid from first available Revenues; (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Account to the required level, after taking into account the amounts available under the Series 1999C Surety Bond shall be deposited from the next available Revenues.

(c) *Consent of the Series 1999C Surety Bond Issuer.* Any provision of this resolution expressly recognizing or granting rights in or to the Series 1999C Surety Bond Issuer may not be amended in any manner which affects the rights of the Series 1999C Surety Bond Issuer hereunder without the prior written consent of the Series 1999C Surety Bond Issuer.

(d) *Consent of the Series 1999C Surety Bond Issuer in Addition to Bondholder Consent.* Unless otherwise provided in this section, the Series 1999C Surety Bond Issuer's consent shall be required in addition to bondholder consent, when required, for the following purposes: (i) execution and delivery of any amendment, supplement or change to or modification of this resolution; (ii) removal of the Registrar and selection and appointment of any successor Registrar (other than the designated State fiscal agent); and (iii) any initiation or approval of any action not described in (i) or (ii) above which requires bondholder consent.

## ARTICLE XII COMPLIANCE WITH PARITY CONDITIONS

Section 12.01. Requirements of Supplemental Resolution. In connection with Section 2.02 of the Resolution the State hereby finds that this First Supplemental Resolution specifies and provides for the following:

(a) the authorized principal amount and designation of the Series 1999C Bonds;

(b) the general purpose or purposes for which the Series 1999C Bonds are being issued, and the deposit, disbursement and application of the proceeds of the sale of the Parity Bonds;

(c) the date or dates, and the maturity date or dates, of the Series 1999C Bonds, and the principal amount maturing on each maturity date;

(d) the interest rate or rates on the Series 1999C Bonds (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates;

(e) the circumstances, if any, under which the Series 1999C Bonds will be deemed to be no longer Outstanding;

(f) the currency or currencies in which the Series 1999C Bonds are payable;

(g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Series 1999C Bonds;

(h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Series 1999C Bonds;

(i) the tender agent or tender agents, if any, for the Series 1999C Bonds and the duties and obligations thereof;

(j) ~~the remarketing agent or remarketing agents, if any, for the Series 1999C Bonds and the duties and obligations thereof;~~

(k) the registrar or trustee, if any, for the Series 1999C Bonds and the duties and obligations thereof;

(l) the form or forms of the Series 1999C Bonds and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Series 1999C Bonds;

(m) the terms and conditions, if any, for the redemption of the Series 1999C Bonds prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;

(n) the terms and conditions, if any, for the purchase of the Series 1999C Bonds upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms;

(o) the manner of sale of the Series 1999C Bonds, with or without a premium or a discount;

(p) if so determined by the State, the authorization of and any terms and conditions with respect to credit or liquidity support for the Series 1999C Bonds and the pledge or provision of moneys, assets or security other than Revenues to or for the payment of the Series 1999C Bonds or any portion thereof;

(q) a subaccount within the Reserve Account for the Series 1999C Bonds and the application of moneys or securities therein; and

(r) any other provisions which the State deems necessary or desirable in connection with the Series 1999C Bonds.

#### Section 12.02. General Compliance with Parity Conditions.

The State hereby finds and determines, as required by Section 2.03 of the Resolution, as follows:

First: The issuance of the Series 1999C Bonds have been authorized by legislation amending or supplementing the Act.

Second: The Series 1999C Bonds have been authorized to pay the costs of acquiring, equipping, constructing or installing additions and improvements to and extensions of the AIAS, facilities for the landing, parking, loading, storing, repairing, safety or utility of aircraft at the AIAS or passenger, freight or terminal facilities, including safety equipment and devices, at the AIAS, found to be necessary by the Commissioner of Transportation and Public Facilities and constituting a project authorized by the Act.

Third: The State is currently and upon issuance of the Series 1999C Bonds will be in compliance with all covenants set forth in the Resolution.

Fourth: No certificate is required to be filed pursuant to Section 2.03(a)(4) of the Resolution, because the Series 1999C Bonds are being issued to pay costs of facilities for which the Series 1999 Bonds have been issued previously and the principal amount of the Series 1999C Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of the Series 1999 Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of a Designated Representative, and there will be a Consultant's certificate stating that the nature and purpose of such facilities has not materially changed.

The conditions set forth in Section 2.03 of the Resolution having been complied with or assured prior to the issuance of the Series 1999C Bonds, the payments into the Bond Fund for the payment of the principal of and interest on the Series 1999C Bonds and the payments required by this resolution to be made into the Reserve Fund shall constitute a lien and charge upon the money in the Revenue Fund equal in rank with the lien and charge on the money in such fund for the payments required to be made into the Bond Fund and into the Reserve Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

Said certificates having been obtained, the Series 1999C Bonds shall be Parity Bonds, having an equal lien and charge upon Revenue of the System required to be paid into the Bond Fund and the Reserve Fund therein to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

### ARTICLE XIII MISCELLANEOUS

Section 13.01. Liability of State Limited to Revenues. Notwithstanding anything contained in this First Supplemental Resolution, the State shall not be required to advance any moneys derived from the proceeds of any taxes, or from any source of income other than the Revenues, for the payment of the principal of or interest on the Parity Bonds, for the maintenance and operation of the airports or for the performance of any covenants herein contained. Nevertheless, the State may, but shall not be required to, advance for any of the purposes hereof any moneys which the Legislature may hereafter authorize.

The Parity Bonds shall be revenue bonds, secured exclusively by the Revenues as in the Resolution provided. The Parity Bonds are not a general obligation of the State, and the general fund of the State is not liable, and the credit or taxing power of the State is not pledged, for the payment of the Parity Bonds or their interest. The owners of the Parity Bonds, or the coupons thereto appertaining, shall never have the right to compel the exercise of the taxing power by the State or the forfeiture of any property of the State.

Section 13.02. Benefits of Resolution Limited to Parties. Nothing in this First Supplemental Resolution, expressed or implied, is intended to give to any person other than the State, the Registrar, the Paying Agents and the owners of the Parity Bonds and coupons, any right, remedy or claim under or by reason of the Resolution or this First Supplemental Resolution. Any covenants, stipulations, promises or agreements in the Bond Resolution

contained by and on behalf of the State shall be for the sole and exclusive benefit of the owners of the Parity Bonds and coupons, the Registrar.

Section 13.03. Successor Is Deemed Included in All References to Predecessor. Whenever, in this First Supplemental Resolution, the Committee, any officer of the State or the Registrar is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained in the Resolution by or on behalf of the Committee, any officer of the State or the Registrar shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.04. Discharge of Resolution; Supplement to Resolution No. 99-01.

If—

(i) all of the outstanding Parity Bonds shall have matured, or if notice of redemption of all of the outstanding Parity Bonds prior to maturity shall have been given, or provision satisfactory to the Registrar shall have been irrevocably made for the giving of such notice, and if the State shall have deposited with the Registrar, in trust, funds pursuant to the Resolution sufficient to pay and available for the payment of all amounts then due and thereafter to become due on all Parity Bonds, including all principal, interest and redemption premiums, or

(ii) all of the outstanding Parity Bonds are to be refunded, and the conditions set forth in Section 2.04 of the Resolution have been satisfied with respect to such Parity Bonds,

then, at the election of the State, and notwithstanding that any Parity Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in the Resolution and all other obligations of the State under the Resolution shall cease and terminate, except only the obligation of the State to pay or cause to be paid to the owners of the Parity Bonds and interest coupons not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Registrar.

Notwithstanding anything herein to the contrary, this resolution shall not be terminated until all obligations and amounts due and owing to any Credit Facility Issuer, including but not limited to the Bond Insurer and the Surety Bond Issuer have been paid and satisfied in full.

Any funds held by any Registrar, at the time of receipt by the Registrar of such notice from the State, which are not required for the purpose above mentioned, shall be paid over to the Registrar. Any funds thereafter held by the Registrar, which are not required for said purpose, shall be paid over to the State.

This resolution is intended to supplement Resolution No. 99-01 of the Committee.

Section 13.05. Execution of Documents by Parity Bondowners. Any request, consent or other instrument which the Resolution may require or permit to be executed by Parity Bondowners ~~may be in one or more instruments of substantially similar tenor, and shall be executed by Parity Bondowners in person or by their attorneys appointed in writing.~~

Except as otherwise herein expressly provided, the fact and date of the execution by any Parity Bondowner or his attorney of any such request, consent or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the amount of Parity Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Parity Bondowner, the numbers of the Parity Bonds held by such person, and the date of his holding such Parity Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Registrar, executed by a trust company, bank, banker or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Parity Bonds described in such certificate. The Registrar and the State may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Parity Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Registrar may deem sufficient. The Registrar may nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable. The ownership of registered Parity Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent or other instrument or writing of the owner of any Parity Bond shall bind all future owners of such Parity Bond in respect of anything done or suffered to be done by the Registrar or the State in good faith and in accordance therewith.

Section 13.06. Waiver of Personal Liability. No member of the Committee and no officer, agent or employee of the State, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the Parity Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

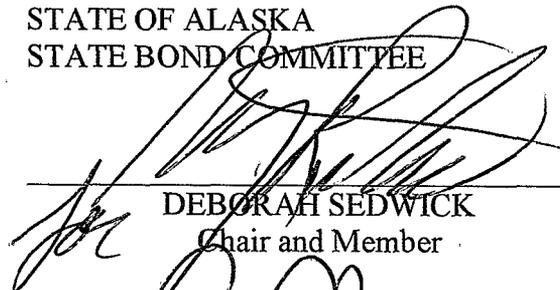
Section 13.07. Publication for Successive Weeks. Any publication to be made under the provisions of the Bond Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

Section 13.08. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this resolution on the part of the State (or of the Registrar) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the this resolution or of the Parity Bonds; but the Parity Bondowners shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 13.09. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 15th day of October, 1999.

STATE OF ALASKA  
STATE BOND COMMITTEE



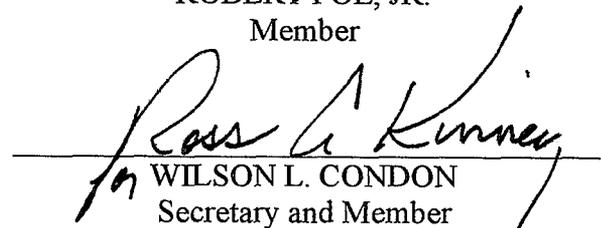
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DEBORAH SEDWICK  
Chair and Member



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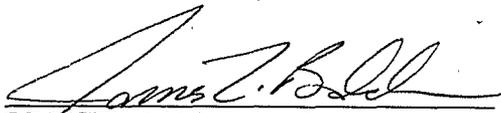
ROBERT POE, JR.  
Member



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WILSON L. CONDON  
Secretary and Member

APPROVED AS TO FORM:



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BRUCE M. BOTELHO  
Attorney General

**STATE BOND COMMITTEE  
OF THE STATE OF ALASKA**

**SUPPLEMENTAL RESOLUTION NO. 2002-01**

Providing for the Issuance of

State of Alaska International Airports System Revenue Bonds

\$13,680,000 Principal Amount of International Airports System Revenue Bonds,  
Series 2002A (AMT)

and of

\$129,220,000 Principal Amount of International Airports System Revenue Bonds,  
Series 2002B

Adopted March 7, 2002

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## STATE BOND COMMITTEE

### SUPPLEMENTAL RESOLUTION NO. 2002-01

**A Resolution of the State Bond Committee of the State of Alaska; authorizing the issuance and sale of two series of revenue bonds of the Alaska International Airports System for the purpose of financing improvements; approving certain protective covenants; and approving an agreement for ongoing disclosure (supplemental to Resolution No. 99-01, adopted January 28, 1999 and Resolution No. 99-07 adopted October 15, 1999).**

WHEREAS, Chapter 88, SLA 1961, as amended (herein called the "1961 Act"), authorized the issuance and sale of revenue bonds of the State of Alaska (the "State") to acquire, equip, construct and install additions, improvements, extensions and facilities, all as more fully described in the Act (hereinafter defined) and in this Second Supplemental Resolution, at the international airports owned and operated by the State and located at or near the cities of Anchorage and Fairbanks (defined more particularly hereinafter as the "AIAS"); and

WHEREAS, the 1961 Act has been amended from time to time, most recently by Chapter 99, SLA 2001 (the "2001 Authorization") and is codified as AS 37.15.410 to 37.15.550 (collectively, the "Act"); and

WHEREAS, the 2001 Authorization increased the aggregate principal amount of airport revenue bonds authorized to be issued under the Act to \$447,900,000; and

WHEREAS, the State Bond Committee adopted Resolution No. 99-01 (the "Resolution") authorizing the issuance of two series of airport revenue bonds and Resolution No. 99-07 authorizing one series of airport revenue bonds (the "First Supplemental Resolution");

WHEREAS, the State has issued and outstanding the following described airport revenue bonds:

Original Authorizing Resolution No.	Designation	Dated Date of Issue	Original Principal Amount	Current Outstanding Principal Amount (as of 3/1/01)
93-5 & 68-4	International Airports Refunding Revenue Bonds, Series I	8/1/93	\$ 34,755,000	\$ 25,715,000
99-01	International Airport System Revenue Bonds, Series 1999A	1/15/99	\$162,500,000	\$162,500,000
99-01	International Airports System Revenue Bonds, Series 1999B	1/15/99	\$ 16,675,000	\$ 16,675,000
99-07	International Airports System Revenue Bonds, Series 1999C	10/1/99	\$ 25,000,000	\$ 25,000,000

(collectively, the "Outstanding Parity Bonds"); and

WHEREAS, the Resolution provides that the State Bond Committee may, by supplemental resolution, establish one or more other series of Bonds, and the State may issue, and the Trustee may authenticate and deliver, Bonds of any series so established, in such principal amount as shall be determined by the State Bond Committee, subject to the conditions and limitations contained in Sections 2.02, 2.03 and 2.04 of the Resolution; and

WHEREAS, Resolution No. 2001-07 of the State Bond Committee appointed an underwriting team (the "Underwriters") for the underwriting of the bonds authorized to be issued by this supplemental resolution; and

WHEREAS, it appears to the State Bond Committee that it is in the best interest of the State that two series of airport revenue bonds, in the total aggregate principal amount of not to exceed \$142,900,000 (collectively, the "Series 2002 Bonds"), should be issued and sold pursuant to the terms of this Second Supplemental Resolution; and

WHEREAS, in its determination of all of the matters and questions relating to the issuance and sale of the Series 2002 Bonds and the fixing of the maturities, terms, conditions and covenants thereof as provided in the Act, the decisions of the committee, as expressed in this supplemental resolution, were and are those found to be reasonably necessary for the best interests of the State and its inhabitants and those which will accomplish the most advantageous sale of the Series 2002 Bonds with due regard, however, for necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to said airports and to all improvements thereto and facilities thereof owned, used, operated or leased in connection therewith, the future growth and expansion of the airports and all of such facilities, and the possibility of additional revenue bond financing for airports purposes; and

WHEREAS, the terms, conditions and covenants providing for the payment of the principal of the Series 2002 Bonds and interest thereon and the other terms, conditions, covenants and protective features safeguarding such payment and relating to the maintenance, operation and improvement of said airports set forth in the Resolution and this supplemental resolution have been found to be necessary by the State Bond Committee; and

WHEREAS, the conditions and limitations contained in Section 2.03 of the Resolution have been satisfied or will be satisfied at the time of issuance of the Series 2002 Bonds; and

WHEREAS, the signatory airlines under the AIAS operating agreements have been given the opportunity to review and comment on drafts of this Second Supplemental Resolution and drafts of the official statement for the sale of the bonds authorized herein; and

WHEREAS, the Underwriters have presented an offer to purchase the Series 2002 Bonds deemed to be in the best interests of the State and the AIAS; and

WHEREAS, the State Debt Manager held a public hearing in Juneau, Alaska on this date pursuant to a notice published in the *Juneau Empire*, regarding the issuance of the Series 2002A Bonds to be authorized herein; and

WHEREAS, the Controller of the Alaska International Airports System held a public hearing in Anchorage, Alaska on this date pursuant to a notice published in the *Anchorage Daily News*, regarding the issuance of the Series 2002A Bonds to be authorized herein; and

WHEREAS, the Director of the Fairbanks International Airport held a public hearing in Fairbanks, Alaska on this date pursuant to a notice published in the *Fairbanks Daily News-Miner*, regarding the issuance of the Series 2002A Bonds to be authorized herein; and

WHEREAS, the State Bond Committee may delegate authority to the Designated Representative (as defined in the First Supplemental Resolution) to approve the final interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities under such terms and conditions as are specified in the purchase contract of the Underwriters;

NOW THEREFORE, BE IT RESOLVED by the State Bond Committee of the State of Alaska, as follows:

#### ARTICLE XIV DEFINITIONS AND RULES OF CONSTRUCTION

Section 14.01. Definitions. For purposes of this Second Supplemental Resolution, and of any certificate, opinion or other document mentioned herein, the following capitalized terms shall have the meanings specified in this Section 14.01. Unless otherwise defined in this Second Supplemental Resolution, all capitalized terms used herein shall have the meanings assigned to such terms in the Resolution. Capitalized terms defined in the recitals hereto shall have the meanings set forth in the recitals hereto.

***Bond Purchase Contract*** means the purchase contract relating to the Bonds between the State and the Underwriters as approved by the Designated Representative pursuant to Section 15.13.

**Outstanding Parity Bonds** means the following:

Original Authorizing Resolution No.	Designation	Dated Date of Issue	Original Principal Amount	Current Outstanding Principal Amount (as of 3/1/01)
93-5 & 68-4	International Airports Refunding Revenue Bonds, Series I	8/1/93	\$ 34,755,000	\$ 25,715,000
99-01	International Airport System Revenue Bonds, Series 1999A	1/15/99	\$162,500,000	\$162,500,000
99-01	International Airports System Revenue Bonds, Series 1999B	1/15/99	\$ 16,675,000	\$ 16,675,000
99-07	International Airports System Revenue Bonds, Series 1999C	10/1/99	\$ 25,000,000	\$ 25,000,000

**Resolution** means Resolution No. 99-01 adopted by the Committee on January 28, 1999.

**Second Supplemental Resolution** means this Resolution No. 2002-01, as the same may be amended in accordance with its terms.

**Series 2002 Bonds** means, collectively, the Series 2002A Bonds and the Series 2002B Bonds.

**Series 2002A Bonds** means the State of Alaska International Airports System Revenue Bonds, Series 2002A (AMT), issued pursuant to the Resolution and Article XI of this Second Supplemental Resolution.

**Series 2002B Bonds** means the State of Alaska International Airports System Revenue Bonds, Series 2002B, issued pursuant to the Resolution and Article XI of this Second Supplemental Resolution.

**Series 2002 Bond Insurer** means the bond insurance company selected pursuant to Section 15.15 to provide the Bond Insurance Policy.

**Series 2002 Bond Insurance Policy** means the municipal bond insurance policy to be issued by the Series 2002 Bond Insurer simultaneously with the delivery of the Series 2002 Bonds, insuring the payment when due of the principal of and interest on the Series 2002 Bonds as provided therein.

**Series 2002 Components** means the components of the Anchorage Airport Project and the improvements to the Fairbanks Airport identified on Exhibit A attached hereto.

**Term Bonds** means those Series 2002 Bonds identified as Term Bonds in the Bond Purchase Contract.

Section 14.02. Rules of Construction. The following rules of construction shall be applied to this Second Supplemental Resolution.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Second Supplemental Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Second Supplemental Resolution as a whole and not to any particular Article, Section or subdivision hereof.

(d) In this Second Supplemental Resolution, the words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the form of Parity Bond) refer to this entire Second Supplemental Resolution.

(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action hereunder by the AIAS shall, unless the form thereof is specifically provided, be in writing signed by the Authorized AIAS Representative.

Section 14.03. Effect of Resolution. Except as expressly provided herein, every term and condition contained in the Resolution shall apply to this Second Supplemental Resolution and to the Series 2002 Bonds with the same force and effect as if the same were set forth herein at length.

## ARTICLE XV THE SERIES 2002 BONDS

Section 15.01. Authorization of the Series 2002 Bonds. The State shall issue the Series 2002 Bonds as authorized by the Act, in two series of bonds, in the total aggregate principal amount of not to exceed \$142,900,000.

The Series 2002A Bonds and the Series 2002B Bonds shall be issued in the aggregate principal amounts of not to exceed \$13,680,000 and \$129,220,000, respectively, for the purpose of providing part of the funds necessary to (i) pay the costs of the Series 2002 Components, (ii) funding the Reserve Account Requirement for the Series 2002 Bonds, and (iii) pay the costs incidental to the foregoing and to the issuance of the Series 2002 Bonds including the costs of the Series 2002 Bond Insurance Policy premium for the Series 2002 Bonds.

Section 15.02. Bond Details.

(a) *Description of the Series 2002A Bonds.* The Series 2002A Bonds shall be designated as “State of Alaska International Airports System Revenue Bonds, Series 2002A (AMT),” shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated April 1, 2002, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Series 2002A Bond shall represent more than one maturity), shall bear interest from April 1, 2002 until the Series 2002A Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on October 1, 2002, shall bear interest at the per annum rates set forth in the Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 15.13, and shall mature on October 1 of the following years in the following estimated principal amounts:

Maturity Years (October 1)	Principal Amounts*
2004	\$ 3,480,000
2005	3,615,000
2006	3,760,000
2007	2,825,000

\* The foregoing principal amounts are subject to increase and/or decrease by an amount of up to 20% of the principal amount of each maturity as provided in Section 15.13 hereof and the Series 2002A Bonds of any of the maturities may be combined and issued as Term Bonds, subject to mandatory redemption as provided in the Bond Purchase Contract.

(b) *Description of the Series 2002B Bonds.* The Series 2002B Bonds shall be designated as “State of Alaska International Airports System Revenue Bonds, Series 2002B,” shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated April 1, 2002, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Series 2002B Bond shall represent more than one maturity), shall bear interest from April 1, 2002 until the Series 2002B Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on October 1, 2002, shall bear interest at the per annum rates set forth in the Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 15.13, and shall mature on October 1 of the following years in the following estimated principal amounts:

Maturity Years (October1)	Principal Amounts*
2007	\$ 795,000
2008	3,795,000
2009	3,985,000
2010	4,185,000
2011	4,405,000
2012	4,635,000
2013	4,880,000
2014	5,145,000
2015	5,420,000
2016	5,710,000
2017	6,015,000
2018	6,340,000
2019	6,680,000
2020	7,040,000
2021	7,395,000
2022	7,760,000
2023	8,150,000
2024	8,560,000
2025	8,985,000
2026	9,435,000
2027	9,905,000

\* The foregoing principal amounts are subject to increase and/or decrease by an amount of up to 20% of the principal amount of each maturity as provided in Section 15.13 hereof and the Series 2002B Bonds of any of the maturities may be combined and issued as Term Bonds, subject to mandatory redemption as provided in the Bond Purchase Contract.

(c) *Series 2002 Bonds a Special Fund Obligation.* The Series 2002 Bonds are not general obligations of the State, and no tax revenues of the State may be used to pay the principal of, premium, if any, and interest on the Series 2002 Bonds.

The Series 2002 Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Series 2002 Bonds do not constitute an indebtedness of the State within the meaning of the constitutional provisions and limitations of the State of Alaska.

Section 15.03. Redemption and Purchase.

(a) *Optional Redemption.* The Series 2002 Bonds shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 15.13 of this Second Supplemental Resolution.

(b) *Mandatory Redemption.* The Series 2002 Bonds shall be subject to mandatory redemption as set forth in the Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 15.13 of this Second Supplemental Resolution.

(c) *Purchase of the Series 2002 Bonds for Retirement.* The State reserves the right to use at any time any Revenue on deposit in the Revenue Fund available after providing for the payments authorized by Section 3.02(c)(1) through (3) of the Resolution to purchase for retirement any of the Series 2002 Bonds offered to the State at any price deemed reasonable to the State's Debt Manager.

(d) *Effect of Optional Redemption/Purchase.* To the extent that the State shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the State may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Representative.

(e) *Selection of the Series 2002 Bonds for Redemption.* The maturities to be redeemed shall be selected by the State and, within a maturity, as long as the Series 2002 Bonds are held in book-entry only form, the selection of the Series 2002 Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 2002 Bonds are no longer held in uncertificated form, the selection of such Series 2002 Bonds to be redeemed shall be made as provided in this subsection (e). If the State redeems at any one time fewer than all of the Series 2002 Bonds having the same maturity date, the particular Series 2002 Bonds or portions of Series 2002 Bonds of maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Series 2002 Bond of a denomination greater than \$5,000, the State and Registrar shall treat each Series 2002 Bond as representing such number of separate Series 2002 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2002 Bond by \$5,000. In the event that only a portion of the principal sum of a Series 2002 Bond is redeemed, upon surrender of the such Series 2002 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof or, at the option of the Registered Owner, a Series 2002 Bond of like maturity and interest rate in any of the denominations herein authorized.

(f) *Notice of Redemption.*

(i) Official Notice. Unless waived by any owner of the Series 2002 Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2002 Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all Outstanding Series 2002 Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Series 2002 Bonds to be redeemed,
- (D) that on the date fixed for redemption, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Series 2002 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (E) the place where such Series 2002 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the State has revoked the notice of redemption in the case of an optional redemption, on or prior to any redemption date, the State shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2002 Bonds or portions of the Series 2002 Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 2002 Bond or any defect in such notice shall not invalidate redemption of any other Series 2002 Bond.

Notwithstanding the foregoing, if the Series 2002 Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than 30 days prior to the date of redemption.

(ii) Effect of Notice; Series 2002 Bonds Due. Official notice of redemption having been given as aforesaid, the Series 2002 Bonds or portions of the Series 2002 Bonds to be so redeemed shall, on the redemption date (unless in the case of optional redemption the State shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Series 2002 Bonds or portions of the Series 2002 Bonds shall cease to bear interest. Upon surrender of such Series 2002 Bonds for redemption in accordance with said notice, such Series 2002 Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2002 Bond, there shall be prepared for the Registered Owner a new Series 2002 Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All Series 2002 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the State as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Series 2002 Bonds being redeemed; (B) the date of issue of the Series 2002 Bonds as originally issued; (C) the rate of interest borne by each Series 2002 Bond being redeemed; (D) the maturity date of each Series 2002 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 2002 Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the Series 2002 Bond Insurer, and to each NRMSIR, the SID, if any, and to the Underwriters or to their business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Series 2002 Bonds.

(iv) Use of CUSIP Numbers. Upon the payment of the redemption price of the Series 2002 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the Series 2002 Bonds being redeemed with the proceeds of such check or other transfer.

(v) Amendment of Notice Provisions. The foregoing notice provisions of this Section 11.03, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any owners of the Series 2002 Bonds by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 15.04. Place and Medium of Payment. The principal of, premium, if any, and interest on the Series 2002 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2002 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months). For so long as all Series 2002 Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 2002 Bonds are no longer in fully immobilized form, interest on the Series 2002 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Series 2002 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Series 2002 Bonds at the addresses for such Registered Owners appearing on the Series 2002 Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Series 2002 Bonds shall be payable upon presentation and surrender of such Series 2002 Bonds by the Registered Owners at the principal office of the Registrar.

Section 15.05. Registration.

(a) *Registrar/Series 2002 Bond Register.* So long as any Series 2002 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of the Series 2002 Bonds at its principal corporate trust office. The Registrar may be removed at any time as provided in Section 5.01 of the Resolution upon prior notice to the Bond Insurer, as the case may be, DTC, each NRMSIR and the SID, if any, and a successor Registrar appointed by the Committee. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the State, to authenticate and deliver the Series 2002 Bonds transferred or exchanged in accordance with the provisions of such Series 2002 Bonds and this Second Supplemental Resolution and to carry out all of the Registrar's powers and duties under this Second Supplemental Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2002 Bonds.

(b) *Registered Ownership.* The State and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Series 2002 Bond as the absolute owner thereof for all purposes (except as provided in Section 11.14 of this Second Supplemental Resolution), and neither the State nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2002 Bond shall be made only as described in Section 11.04 hereof, but such Series 2002 Bond may be transferred as herein provided. All such payments made as described in Section 11.04 shall be valid and shall satisfy and discharge the liability of the State upon such Series 2002 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Series 2002 Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Series 2002 Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on the Series 2002 Bonds, any notice which is permitted or required to be given to Registered Owners under this Second Supplemental Resolution (except such notices as shall be required to be given by the State to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series 2002 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series 2002 Bonds.

If any Series 2002 Bond shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue

thereafter on the unpaid principal thereof at the rate stated on such Series 2002 Bond until such Series 2002 Bond is paid.

(d) *Use of Depository.*

(i) The Series 2002 Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Series 2002 Bond maturing on each of the maturity dates for the Series 2002 Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 2002 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Committee pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding Series 2002 Bonds, together with a written request on behalf of the Committee, issue a single new Series 2002 Bond for each maturity of the Series 2002 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Committee determines that it is in the best interest of the beneficial owners of the Series 2002 Bonds that such owners be able to obtain such bonds in the form of Series 2002 Bond certificates, the ownership of such Series 2002 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Committee shall deliver a written request to the Registrar, together with a supply of definitive Series 2002 Bonds, to issue Series 2002 Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 2002 Bonds together with a written request on behalf of the Committee to the Registrar, new Series 2002 Bonds shall be issued in the appropriate denominations and Series and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 2002 Bond may be registered and Series 2002 Bonds may be exchanged, but no transfer of any such Series 2002 Bond shall be valid unless such Series 2002 Bond is surrendered to the Registrar with the assignment form appearing on such

Series 2002 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2002 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 2002 Bond (or Series 2002 Bonds at the option of the new Registered Owner) of the same date, Series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2002 Bond, in exchange for such surrendered and canceled Series 2002 Bond. Any Series 2002 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of the Series 2002 Bonds of the same date, Series, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Series 2002 Bond during the 15 days preceding the date any such Series 2002 Bond is to be redeemed.

(f) *Registrar's Ownership of the Series 2002 Bonds.* The Registrar may become the Registered Owner of any Series 2002 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Series 2002 Bonds.

(g) *Registration Covenant.* The State covenants that, until all Series 2002 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2002 Bond that complies with the provisions of Section 149 of the Code.

Section 15.06. Application of Proceeds of the Series 2002 Bonds. Upon receipt of payment for any of the Series 2002 Bonds when the same shall have been sold by the State, the State shall forthwith deposit the proceeds received from such sale in the following respective funds:

(a) The State shall deposit with the Registrar in the Interest Account established pursuant to Section 3.02 of the Resolution the accrued interest to the date of payment of the purchase price of the Series 2002 Bonds received upon the sale thereof.

(b) The State shall transfer the necessary amount of proceeds to pay the insurance premium for the Series 2002 Bond Insurance Policy to the Series 2002 Bond Insurer.

(c) The State shall deposit the necessary amount of proceeds into the Reserve Account to satisfy the Reserve Account Requirement for the Series 2002 Bonds.

(d) The State shall set aside the necessary amount of proceeds for deposit into a special account within the Construction Fund to be designated as the Series 2002 Capitalized Interest Account.

(e) The State shall deposit the remainder of such proceeds (the "Net Proceeds") in the Construction Fund to pay the costs of the Series 2002 Components and the costs of issuance of the Series 2002A Bonds and the Series 2002B Bonds.

Section 15.07. Construction Funds and Reserve Account.

(a) *Construction Fund.* The Net Proceeds of the Series 2002 Bonds shall be deposited in the Construction Fund maintained in the State Treasury. However, the net proceeds of the Series 2002 Bonds shall be segregated for purposes of accounting for expenditures. Separate accounts are authorized to be maintained in the State Treasury's Construction Fund, for the Series 2002A Bond proceeds and the Series 2002B Bond proceeds and the interest and investment earnings (proceeds of the sale and reinvestment) thereon. Disbursements shall be made from the proceeds of the Series 2002A Bonds and the Series 2002B Bonds to pay or reimburse the State for its payment of the costs of the Series 2002 Components and to pay the costs of issuance of the Series 2002 Bonds.

The proceeds of the Series 2002 Bonds deposited in the Series 2002 Capitalized Interest Account, together with interest earnings thereon, may be used at the direction of the Authorized AIAS Representative to pay interest on the Series 2002 Bonds pending completion of the Series 2002 Components. In the alternative, money in the Series 2002 Capitalized Interest Account may be used to pay costs of the Series 2002 Components at the direction of the Commissioner of Transportation and Public Facilities, to the extent permitted within the then current appropriation available for the Series 2002 Components.

Money in the Construction Fund pursuant to Section 8.07(a) and this Section 15.07(a) may be invested in those obligations identified as "Permitted Investments". In addition, such proceeds may be invested in any of the investment pools operated by the Department of Revenue. Earnings on such investments shall accrue to the benefit of the respective account and subaccount for each Series of Bonds except as may be required to be used to pay the Rebutable Arbitrage pursuant to this Second Supplemental Resolution. The allocation of interest earnings and investment earnings of the Series 2002 Bonds will be made utilizing the State's accounting system and cooperation through the Department of Transportation and Public Facilities, the Department of Administration, Division of Finance and the Department of Revenue, Treasury Division. Any balance remaining with respect to each Series of Bonds after the completion of the Series 1999A Components, the Series 1999B Components, the Series 1999C Components, the Series 2002 Components and after all the costs thereof have been paid, shall be transferred to the Bond Fund.

(b) *Reserve Account.* There is hereby authorized to be created in the Reserve Account a subaccount for the Series 2002 Bonds. The State hereby covenants and agrees that on the date of issuance of the Series 2002 Bonds, it will deposit funds into the Reserve Account in the amount necessary to satisfy the Reserve Requirement attributable to the Series 2002 Bonds which with the remaining balance on hand in the Reserve Account (currently in the form of a surety bond) to be equal to the Reserve Account Requirement.

Section 15.08. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of any Series 2002 Bonds in accordance with their

terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if such Series 2002 Bonds are to be redeemed prior to maturity, irrevocable notice, or instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 2002 Bonds so provided for and such Series 2002 Bonds shall then cease to be entitled to any lien, benefit or security of this Second Supplemental Resolution, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such Series 2002 Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the State.

Within 45 days of any defeasance of the Series 2002 Bonds, the State shall provide notice of defeasance of the Series 2002 Bonds to Registered Owners of the Series 2002 Bonds being defeased, to the Series 2002 Bond Insurer, as applicable, and to each NRMSIR and SID, if any, in accordance with Section 11.14.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 2002 Bonds shall be paid by the Series 2002 Bond Insurer pursuant to the Series 2002 Insurance Policy, the Series 2002 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Series 2002 Bond Insurer, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Series 2002 Bond Insurer to the Registered Owners shall continue to exist and shall run to the Benefit of the Series 2002 Bond Insurer, and the Series 2002 Bond Insurer shall be subrogated to the rights of such Registered Owners.

Section 15.09. Tax Covenants. The State covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 2002 Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Series 2002 Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the State covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 2002 Bonds or any other funds of the State which may be deemed to be proceeds of the Series 2002 Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Series 2002 Bonds to the initial purchasers thereof, would have caused the Series 2002 Bonds to be "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

The State represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The State will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 2002 Bonds.

(b) *Rebatable Arbitrage.*

(i) *General Rule.* The State will pay to the United States of America in accordance with the provisions of this Section 11.09(b): (A) rebate installment payments which, when added to the future value as of the Computation Date of all previous rebate payments made with respect to the Series 2002 Bonds, equal at least 90% of the Rebatable Arbitrage with respect to the Series 2002 Bonds; and (B) a final rebate installment payment in an amount which, when added to the future value of all previous rebate payments made with respect to the Series 2002 Bonds, equals 100% of the Rebatable Arbitrage.

(ii) *Computation of Rebatable Arbitrage.* As of any Computation Date, the Rebatable Arbitrage for the Series 2002 Bonds is the excess of the future value, as of such date, of all Receipts over the future value, as of such date, of all Payments.

(iii) *Payment Procedure.* (A) The first rebate installment payment will be made for a Computation Date that is no later than five years after the issue date of the Series 2002 Bonds. Subsequent rebate installment payments will be made for a Computation Date that is not later than five years after the previous Computation Date for which rebate installment payment was made. Each rebate installment payment will be paid no later than 60 days after the Computation Date to which the payment relates.

(B) A final rebate payment will be paid within 60 days of the date the Series 2002 Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations.

(C) Each payment of Rebatable Arbitrage will be made to the Internal Revenue Service Center, Ogden, Utah 84201 and will be accompanied by IRS Form 8038-T.

(c) *Use of Proceeds of the Series 2002 Bonds.* The Series 2002 Components include only facilities that are directly related and essential to:

- (i) servicing aircraft or enabling aircraft to take off and land or
- (ii) transferring passengers or cargo to or from aircraft or functionally related and subordinate to such airport facilities,

The State will, at all times while the Series 2002 Bonds are Outstanding be the owner of all elements of the Series 2002 Components being financed with such Series 2002 Bonds. If any portion of the Series 2002 Components is the subject of a lease or management contract with an entity other than a governmental unit, then the lease or management contract must meet the requirements of Section 142(b)(1)(B) of the Code.

The Series 2002 Components funded with the proceeds of the Series 2002A Bonds shall not include any:

- (i) lodging facility,
- (ii) retail facility (including food and beverage facilities) in excess of a size necessary to serve passengers and employees,
- (iii) retail facility (other than parking) for passengers or the general public located outside the airport,
- (iv) office building for persons who are not employees of a governmental unit or the State, or
- (v) industrial park or manufacturing facility, that is to be used for any private business use (within the meaning of Section 141(b)(6) of the Code).

Any element of any Series 2002 Components that is an office must be located at the airport and no more than a de minimis amount of the functions performed at such office may not be directly related to day-to-day operations of the airport. Any storage or training facilities included in any project must be located at the airport and must be of a character and size commensurate with the character and size of the airport.

All elements of the Series 2002 Components need to be located at or in close proximity to the take-off and landing area in order to perform their functions.

Any land acquired by the State as a part of the Series 2002 Components will be (A) acquired solely to mitigate damages attributable to airport noise or (B) land that is adjacent to the airport, impaired by a significant level of airport noise and (1) in the case of improved land, use of the land and improvements before acquisition is incompatible with the airport noise level, use after acquisition is compatible with the airport noise level and the post-acquisition use is essentially different from the pre-acquisition use or (2) in the case of unimproved land (including agricultural land), use of the land after its acquisition will not be incompatible with the level of airport noise.

(d) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 2002 Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof (and without the consent of the Bond Insurer, the Registrar or any Registered Owner) upon receipt of an opinion of the State's Bond Counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 2002 Bonds.

Section 15.10. Lost, Stolen, Mutilated or Destroyed Series 2002 Bonds. In case any Series 2002 Bond or Series 2002 Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2002 Bond or Series 2002 Bonds of like date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the State in connection therewith and upon his filing with the State evidence satisfactory to the State that such Series 2002 Bond was actually lost, stolen or destroyed (including the presentation of a

mutilated Series 2002 Bond) and of his ownership thereof, and upon furnishing the State with indemnity satisfactory to the State.

Section 15.11. Form of the Series 2002 Bonds and Registration Certificate.

(a) *Required Recital.* Each Series 2002 Bond shall include a recital to the effect that it is issued under AS 37.15.410 - 37.15.550.

(b) *Series 2002A Bonds.* The Series 2002A Bonds shall be in substantially the following form:

STATEMENT OF INSURANCE  
*[to be provided by Series 2002 Bond Insurer]*

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE BOND, SERIES 2002A (AMT)

MATURITY DATE:

CUSIP NO. \_\_\_\_\_

INTEREST RATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from April 1, 2002, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on October 1, 2002. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of JPMorgan Trust Company, National Association, Los Angeles, California, acting through its agency office in Seattle, Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of \$ \_\_\_\_\_ of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 - 37.15.550 and pursuant to Resolution No. 99-01 as supplemented by Supplemental Resolution No. 2002-01 of the State Bond

Committee (collectively, the "Bond Resolution") to finance additions and improvements to its airport properties and facilities.

The bonds of this issue maturing on and after October 1, 20\_\_ shall be subject to optional redemption in advance of their scheduled maturity on or after October 1, 20\_\_ in whole or in part at any time, with maturities to be selected by the State, at a price of par, plus accrued interest, if any, to the date of redemption.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 20\_\_ shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
	\$
*	

\* Maturity.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 20\_\_ shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Years	Amounts
	\$
_____*	

\* Maturity.

The bonds of this series are private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The State and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenues and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenues into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenues, if any, equal in rank to the lien and charge upon such Revenues of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska, has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the 1st day of April, 2002.

STATE OF ALASKA

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Governor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Lieutenant Governor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue Bonds, Series 2002A (AMT) of the State of Alaska, dated April 1, 2002.

JPMORGAN TRUST COMPANY,  
NATIONAL ASSOCIATION, Registrar

By \_\_\_\_\_  
Authorized Signer

(b) *Series 2002B Bonds.* The Series 2002B Bonds shall be in substantially the following form:

STATEMENT OF INSURANCE  
*[to be provided by Series 2002 Bond Insurer]*

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE BOND, SERIES 2002B

MATURITY DATE: \_\_\_\_\_ CUSIP NO. \_\_\_\_\_

INTEREST RATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from April 1, 2002, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on October 1, 2002. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of JPMorgan Trust Company, National Association, Los Angeles, California acting through its

agency office in Seattle, Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of \$\_\_\_\_\_ of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 – 37.15.550 and pursuant to Resolution No. 99-01 as supplemented by Supplemental Resolution No. 2002-01 of the State Bond Committee (collectively, the "Bond Resolution") to finance additions and improvements to its airport properties and facilities.

The bonds of this issue maturing on and after October 1, 20\_\_ shall be subject to optional redemption in advance of their scheduled maturity on or after October 1, 20\_\_ in whole or in part at any time, with maturities to be selected by the State, at a price of par, plus accrued interest, if any, to the date of redemption.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 20\_\_ shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
*	\$

\* Maturity.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 20\_\_ shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption:

Redemption Years	Amounts
*	\$

\* Maturity.

The bonds of this series are not private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The State and Registrar shall deem the person in whose name this bond is

registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenues and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenues into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenues, if any, equal in rank to the lien and charge upon such Revenues of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska, has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the 1st day of April, 2002.

STATE OF ALASKA

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Governor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Lieutenant Governor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue Bonds, Series 2002B of the State of Alaska, dated April 1, 2002.

JPMORGAN TRUST COMPANY,  
NATIONAL ASSOCIATION, Registrar

By \_\_\_\_\_  
Authorized Signer

In the event any Series 2002 Bonds are no longer in fully immobilized form, the form of such Series 2002 Bonds may be modified to conform to printing requirements and the terms of this Second Supplemental Resolution.

Section 15.12. Execution. The Series 2002 Bonds shall be executed on behalf of the State with the manual or facsimile signature of the Governor, shall be attested by the manual or facsimile signature of the Lieutenant Governor and shall have the seal of the State impressed or a facsimile thereof imprinted thereon.

Only such Series 2002 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Second Supplement Resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2002 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Second Supplemental Resolution.

In case either of the officers of the State who shall have executed the Series 2002 Bonds shall cease to be such officer or officers of the State before the Series 2002 Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the State, such Series 2002 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Series 2002 Bond may also be signed and attested on behalf of the State by such persons as at the actual date of execution of such Series 2002 Bond shall be the proper officers of the State although at the original date of such Series 2002 Bond any such person shall not have been such officer.

Section 15.13. Sale of the Series 2002 Bonds. The Series 2002 Bonds shall be sold by negotiated sale to the Underwriters under the terms of a Bond Purchase Contract. The Designated Representative is hereby authorized to negotiate terms for the purchase of the Series 2002 Bonds with the Underwriters and execute the Bond Purchase Contract, with such terms as are approved by the Committee pursuant to this section and consistent with this Second

Supplemental Resolution. This Committee has been advised by the Underwriters that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Committee. The Committee has determined that it would be in the best interest of the Committee to delegate to the Designated Representative for a limited time the authority to approve the final interest rates, aggregate principal amount, principal amounts of each maturity, redemption rights and other terms and conditions of the Series 2002 Bonds. The Designated Representative is hereby authorized to approve the final interest rates, aggregate principal amount, principal maturities and redemption rights for each series of the Series 2002 Bonds in the manner provided hereafter so long as the aggregate principal amount of the Series 2002 Bonds does not exceed \$142,900,000 and so long as the true interest cost for the Series 2002 Bonds does not exceed 6.00%.

In determining the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights of the Series 2002 Bonds, the Designated Representative in consultation with the Committee and the State's financial advisor, shall take into account those factors that, in his judgment, will result in the lowest true interest cost on the Series 2002 Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2002 Bonds. Subject to the terms and conditions set forth in this Section 15.13, the Designated Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon his approval of the final interest rates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Designated Representative shall provide a report to the Committee, describing the final terms of the Series 2002 Bonds approved pursuant to the authority delegated in this Section 15.13. The authority granted to the Designated Representative by this Section 15.13 shall expire 45 days after the date of approval of this Second Supplemental Resolution. If a Bond Purchase Contract for the Series 2002 Bonds has not been executed within 45 days after the date of final approval of this Second Supplemental Resolution, the authorization for the issuance the Series 2002 Bonds shall be rescinded, and the Series 2002 Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the Committee. The resolution re-authorizing the issuance and sale of such Series 2002 Bonds may be in the form of a new resolution repealing this Second Supplemental Resolution in whole or in part (only with respect to the Series 2002 Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 15.13.

Upon the adoption of this Second Supplemental Resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2002 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2002 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the State, the Official Statement (and any Preliminary Official Statement)

relating to the issuance and sale of the Series 2002 Bonds and the distribution of the Series 2002 Bonds pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

As a condition precedent to the issuance of the Series 2002 Bonds, the State shall comply with the provisions of Sections 2.02 and 2.03 of the Resolution, so that the Series 2002 Bonds may be issued as Parity Bonds.

Section 15.14. Undertaking to Provide Ongoing Disclosure. The Committee hereby authorizes the Debt Manager to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Series 2002 Bonds for the benefit of the Beneficial Owners of the Series 2002 Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

Section 15.15. Series 2002 Bond Insurance Policy; Provisions Relating to the Series 2002 Bond Insurer. The Committee hereby authorizes the Designated Representative to approve one or more commitments from bond insurance companies to provide bond insurance policies guaranteeing the payment when due of principal of and interest on either series of the Series 2002 Bonds (the "Series 2002 Bond Insurance Policy"). The Committee further authorizes and directs all proper officers, agents, attorneys and employees of the State to cooperate with the selected Series 2002 Bond Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the State as shall be necessary or advisable in providing for the Series 2002 Bond Insurance Policy.

## ARTICLE XVI COMPLIANCE WITH PARITY CONDITIONS

Section 16.01. Requirements of Supplemental Resolution. In connection with Section 2.02 of the Resolution the State hereby finds that this Second Supplemental Resolution specifies and provides for the following:

- (a) the authorized principal amount and designation of the Series 2002 Bonds;
- (b) the general purpose or purposes for which the Series 2002 Bonds are being issued, and the deposit, disbursement and application of the proceeds of the sale of the Parity Bonds;
- (c) the date or dates, and the maturity date or dates, of the Series 2002 Bonds, and the principal amount maturing on each maturity date;
- (d) the interest rate or rates on the Series 2002 Bonds (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates;
- (e) the circumstances, if any, under which the Series 2002 Bonds will be deemed to be no longer Outstanding;

- (f) the currency or currencies in which the Series 2002 Bonds are payable;
- (g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Series 2002 Bonds;
- (h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Series 2002 Bonds;
- (i) the tender agent or tender agents, if any, for the Series 2002 Bonds and the duties and obligations thereof;
- (j) the remarketing agent or remarketing agents, if any, for the Series 2002 Bonds and the duties and obligations thereof;
- (k) the registrar or trustee, if any, for the Series 2002 Bonds and the duties and obligations thereof;
- (l) the form or forms of the Series 2002 Bonds and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Series 2002 Bonds;
- (m) the terms and conditions, if any, for the redemption of the Series 2002 Bonds prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;
- (n) the terms and conditions, if any, for the purchase of the Series 2002 Bonds upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms;
- (o) the manner of sale of the Series 2002 Bonds, with or without a premium or a discount;
- (p) if so determined by the State, the authorization of and any terms and conditions with respect to credit or liquidity support for the Series 2002 Bonds and the pledge or provision of moneys, assets or security other than Revenues to or for the payment of the Series 2002 Bonds or any portion thereof;
- (q) a subaccount within the Reserve Account for the Series 2002 Bonds and the application of moneys or securities therein; and
- (r) any other provisions which the State deems necessary or desirable in connection with the Series 2002 Bonds.

Section 16.02. General Compliance with Parity Conditions.

The State hereby finds and determines, as required by Section 2.03 of the Resolution, as follows:

First: The issuance of the Series 2002 Bonds have been authorized by legislation amending or supplementing the Act.

Second: The Series 2002 Bonds have been authorized to pay the costs of acquiring, equipping, constructing or installing additions and improvements to and extensions of the AIAS, facilities for the landing, parking, loading, storing, repairing, safety or utility of aircraft at the AIAS or passenger, freight or terminal facilities, including safety equipment and devices, at the AIAS, found to be necessary by the Commissioner of Transportation and Public Facilities and constituting a project authorized by the Act.

Third: The State is currently and upon issuance of the Series 2002 Bonds will be in compliance with all covenants set forth in the Resolution.

The conditions set forth in Section 2.03 of the Resolution having been complied with or assured prior to the issuance of the Series 2002 Bonds, the payments into the Bond Fund for the payment of the principal of and interest on the Series 2002 Bonds and the payments required by this Second Supplemental Resolution to be made into the Reserve Fund shall constitute a lien and charge upon the money in the Revenue Fund equal in rank with the lien and charge on the money in such fund for the payments required to be made into the Bond Fund and into the Reserve Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

Said certificates having been obtained, the Series 2002 Bonds shall be Parity Bonds, having an equal lien and charge upon Revenue of the System required to be paid into the Bond Fund and the Reserve Fund therein to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

ARTICLE XVII  
MISCELLANEOUS

Section 17.01. Liability of State Limited to Revenues. Notwithstanding anything contained in this Second Supplemental Resolution, the State shall not be required to advance any moneys derived from the proceeds of any taxes, or from any source of income other than the Revenues, for the payment of the principal of or interest on the Parity Bonds, for the maintenance and operation of the airports or for the performance of any covenants herein contained. Nevertheless, the State may, but shall not be required to, advance for any of the purposes hereof any moneys which the Legislature may hereafter authorize.

The Parity Bonds shall be revenue bonds, secured exclusively by the Revenues as in the Resolution provided. The Parity Bonds are not a general obligation of the State, and the general fund of the State is not liable, and the credit or taxing power of the State is not pledged, for the payment of the Parity Bonds or their interest. The owners of the Parity Bonds, or the coupons

thereto appertaining, shall never have the right to compel the exercise of the taxing power by the State or the forfeiture of any property of the State.

Section 17.02. Benefits of Resolution Limited to Parties. Nothing in this Second Supplemental Resolution, expressed or implied, is intended to give to any person other than the State, the Registrar, the Paying Agents and the owners of the Parity Bonds and coupons, any right, remedy or claim under or by reason of the Resolution or this Second Supplemental Resolution. Any covenants, stipulations, promises or agreements in the Bond Resolution contained by and on behalf of the State shall be for the sole and exclusive benefit of the owners of the Parity Bonds and coupons, the Registrar.

Section 17.03. Successor Is Deemed Included in All References to Predecessor. Whenever, in this Second Supplemental Resolution, the Committee, any officer of the State or the Registrar is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained in the Resolution by or on behalf of the Committee, any officer of the State or the Registrar shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 17.04. Discharge of Resolution; Supplement to Resolution No. 99-01.

If —

(i) all of the outstanding Parity Bonds shall have matured, or if notice of redemption of all of the outstanding Parity Bonds prior to maturity shall have been given, or provision satisfactory to the Registrar shall have been irrevocably made for the giving of such notice, and if the State shall have deposited with the Registrar, in trust, funds pursuant to the Resolution sufficient to pay and available for the payment of all amounts then due and thereafter to become due on all Parity Bonds, including all principal, interest and redemption premiums, or

(ii) all of the outstanding Parity Bonds are to be refunded, and the conditions set forth in Section 2.04 of the Resolution have been satisfied with respect to such Parity Bonds,

then, at the election of the State, and notwithstanding that any Parity Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in the Resolution and all other obligations of the State under the Resolution shall cease and terminate, except only the obligation of the State to pay or cause to be paid to the owners of the Parity Bonds and interest coupons not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Registrar.

Notwithstanding anything herein to the contrary, this Second Supplemental Resolution shall not be terminated until all obligations and amounts due and owing to any Credit Facility Issuer, including but not limited to the Bond Insurer have been paid and satisfied in full.

Any funds held by any Registrar, at the time of receipt by the Registrar of such notice from the State, which are not required for the purpose above mentioned, shall be paid over to the

Registrar. Any funds thereafter held by the Registrar, which are not required for said purpose, shall be paid over to the State.

This Second Supplemental Resolution is intended to supplement Resolution No. 99-01 of the Committee.

Section 17.05. Execution of Documents by Parity Bondowners. Any request, consent or other instrument which the Resolution may require or permit to be executed by Parity Bondowners may be in one or more instruments of substantially similar tenor, and shall be executed by Parity Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Parity Bondowner or his attorney of any such request, consent or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the amount of Parity Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Parity Bondowner, the numbers of the Parity Bonds held by such person, and the date of his holding such Parity Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Registrar, executed by a trust company, bank, banker or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Parity Bonds described in such certificate. The Registrar and the State may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Parity Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Registrar may deem sufficient. The Registrar may nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable. The ownership of registered Parity Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent or other instrument or writing of the owner of any Parity Bond shall bind all future owners of such Parity Bond in respect of anything done or suffered to be done by the Registrar or the State in good faith and in accordance therewith.

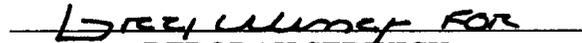
Section 17.06. Waiver of Personal Liability. No member of the Committee and no officer, agent or employee of the State, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the Parity Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 17.07. Publication for Successive Weeks. Any publication to be made under the provisions of the Bond Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

Section 17.08. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Second Supplemental Resolution on the part of the State (or of the Registrar) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Second Supplemental Resolution or of the Parity Bonds; but the Parity Bondowners shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 17.09. Effective Date. This Second Supplemental Resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 7th day of March, 2002.

  
DEBORAH SEDWICK

Commissioner, Department of Community  
and Economic Development  
Chairman and Member  
Alaska State Bond Committee



WILSON L. CONDON

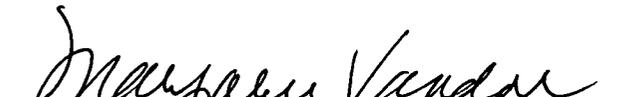
Commissioner, Department of Revenue  
Secretary and Member  
Alaska State Bond Committee



JIM DUNCAN

Commissioner, Department of  
Administration  
Member  
Alaska State Bond Committee

Alaska State Bond Committee  
Approved as to form:

  
BRUCE M. BOTELHO  
Attorney General

**STATE BOND COMMITTEE  
OF THE STATE OF ALASKA**

**SUPPLEMENTAL RESOLUTION NO. 2003-10**

Providing for the Issuance of

State of Alaska International Airports System Revenue and Refunding Bonds

\$73,025,000 Principal Amount of International Airports System Revenue and Refunding Bonds,  
Series 2003A (AMT)

and of

\$21,900,000 Principal Amount of International Airports System Revenue Bonds,  
Series 2003B

Adopted December 3, 2003

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STATE BOND COMMITTEE

SUPPLEMENTAL RESOLUTION NO. 2003-10

- A Resolution of the State Bond Committee of the State of Alaska; authorizing the issuance and sale of two series of revenue bonds of the Alaska International Airports System for the purpose of financing improvements and refunding certain outstanding revenue bonds of the State; approving certain protective covenants; and approving an agreement for ongoing disclosure (supplemental to Resolution No. 99-01, adopted January 28, 1999, Resolution No. 99-07 adopted October 15, 1999 and Resolution No. 2002-01 adopted March 7, 2002).**

WHEREAS, Chapter 88, SLA 1961, as amended (herein called the "1961 Act"), authorized the issuance and sale of revenue bonds of the State of Alaska (the "State") to acquire, equip, construct and install additions, improvements, extensions and facilities, all as more fully described in the Act (hereinafter defined) and in this Third Supplemental Resolution, at the international airports owned and operated by the State and located at or near the cities of Anchorage and Fairbanks (defined more particularly hereinafter as the "AIAS"); and

WHEREAS, the 1961 Act has been amended from time to time, most recently by Chapter 78, SLA 2003 (the "2003 Authorization") and is codified as AS 37.15.410 to 37.15.550 (collectively, the "Act"); and

WHEREAS, the 2003 Authorization increased the aggregate principal amount of airport revenue bonds authorized to be issued under the Act to \$524,500,000; and

WHEREAS, the State Bond Committee adopted Resolution No. 99-01 (the "Resolution") authorizing the issuance of two series of airport revenue bonds, Resolution No. 99-07 authorizing one series of airport revenue bonds (the "First Supplemental Resolution"), and Resolution No. 2002-01 authorizing two series of airport revenue bonds (the "Second Supplemental Resolution");

WHEREAS, the State has issued and outstanding the following described airport revenue bonds:

Original Authorizing Resolution No.	Designation	Dated Date of Issue	Original Principal Amount	Current Outstanding Principal Amount (as of 12/1/03)
93-5 & 68-4	International Airports Refunding Revenue Bonds, Series I	8/1/93	\$ 34,755,000	\$ 23,140,000
99-01	International Airport System Revenue Bonds, Series 1999A	1/15/99	\$162,500,000	\$152,030,000
99-01	International Airports System Revenue Bonds, Series 1999B	1/15/99	\$ 16,675,000	\$ 15,550,000
99-07	International Airports System Revenue Bonds, Series 1999C	10/1/99	\$ 25,000,000	\$ 23,820,000
2002-01	International Airports System Revenue Bonds, Series 2002A (AMT)	4/1/02	\$ 13,060,000	\$ 13,060,000
2002-01	International Airports System Revenue Bonds, Series 2002B	4/1/02	\$ 127,720,000	\$127,720,000

(collectively, the “Outstanding Parity Bonds”); and

WHEREAS, the Resolution provides that the State Bond Committee may, by supplemental resolution, establish one or more other series of Bonds, and the State may issue, and the Trustee may authenticate and deliver, Bonds of any series so established, in such principal amount as shall be determined by the State Bond Committee, subject to the conditions and limitations contained in Sections 2.02, 2.03 and 2.04 of the Resolution; and

WHEREAS, Resolution No. 2003-05 of the State Bond Committee appointed an underwriting team (the “Underwriters”) for the underwriting of the bonds authorized to be issued by this supplemental resolution; and

WHEREAS, the State has outstanding its International Airports Refunding Revenue Bonds, Series I, issued under date of August 1, 1993 (the “1993 Series I Bonds”), pursuant to Resolution No. 93-5 adopted by the Committee on August 18, 1993 (the “1993 Series I Bond Resolution”) and maturing as follows:

Maturity Years (October 1)	Principal Amounts	Interest Rates
2004	\$ 1,395,000	5.20%
2005	1,465,000	5.30
2006	1,550,000	5.40
2007	1,635,000	5.50
2008	1,730,000	5.50
2009	1,835,000	5.50
2015	13,530,000	5.50

and;

WHEREAS, the 1993 Series I Bond Resolution provides that the State may call the 1993 Series I Bonds maturing on or after October 1, 2004 for redemption on and after October 1, 2003 (the "Refunded Bonds"), in whole or in part on any date, expressed as a percentage of the principal amounts of the bonds to be redeemed, together with interest accrued to the date of redemption, as follows:

Redemption Period (Dates Inclusive)	Price
October 1, 2003 to September 30, 2004	102%
October 1, 2004 to September 30, 2005	101%
October 1, 2005 and thereafter	100%

; and

WHEREAS, as a result of changed market conditions, it appears to the Committee that a substantial debt service savings may be obtained by refunding the Refunded Bonds through the issuance and sale of refunding bonds in an aggregate principal amount of \$23,260,000 herein authorized (hereinafter defined as the "Refunding Bonds"); and

WHEREAS, it appears to the State Bond Committee that it is in the best interest of the State that two series of airport revenue bonds, in the total aggregate principal amount of \$71,665,000 and the Refunding Bonds (collectively, the "Series 2003 Bonds"), should be issued and sold pursuant to the terms of this Third Supplemental Resolution; and

WHEREAS, in its determination of all of the matters and questions relating to the issuance and sale of the Series 2003 Bonds and the fixing of the maturities, terms, conditions and covenants thereof as provided in the Act, the decisions of the committee, as expressed in this supplemental resolution, were and are those found to be reasonably necessary for the best interests of the State and its inhabitants and those which will accomplish the most advantageous sale of the Series 2003 Bonds with due regard, however, for necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to said airports and to all improvements thereto and facilities thereof owned, used, operated or leased in connection therewith, the future growth and expansion of the airports and all of such facilities, and the possibility of additional revenue bond financing for airports purposes; and

WHEREAS, the terms, conditions and covenants providing for the payment of the principal of the Series 2003 Bonds and interest thereon and the other terms, conditions, covenants and protective features safeguarding such payment and relating to the maintenance, operation and improvement of said airports set forth in the Resolution and this supplemental resolution have been found to be necessary by the State Bond Committee; and

WHEREAS, the conditions and limitations contained in Section 2.03 of the Resolution have been satisfied or will be satisfied at the time of issuance of the Series 2003 Bonds; and

WHEREAS, the signatory airlines under the AIAS operating agreements have been given the opportunity to review and comment on a draft of this Third Supplemental Resolution and a draft of the official statement for the sale of the bonds authorized herein; and

WHEREAS, the Underwriters have presented an offer to purchase the Series 2003 Bonds deemed to be in the best interests of the State and the AIAS; and

WHEREAS, the State Debt Manager held a public hearing in Juneau, Alaska on this date pursuant to a notice published in the *Juneau Empire*, regarding the issuance of the Series 2003A Bonds to be authorized herein; and

WHEREAS, the Controller of the Alaska International Airports System held a public hearing in Anchorage, Alaska on this date pursuant to a notice published in the *Anchorage Daily News*, regarding the issuance of the Series 2003A Bonds to be authorized herein; and

WHEREAS, the Director of the Fairbanks International Airport held a public hearing in Fairbanks, Alaska on this date pursuant to a notice published in the *Fairbanks Daily News-Miner*, regarding the issuance of the Series 2003A Bonds to be authorized herein; and

WHEREAS, the State Bond Committee may delegate authority to the Designated Representative (as defined in the First Supplemental Resolution) to approve the final interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities under such terms and conditions as are specified in the purchase contract of the Underwriters;

NOW THEREFORE, BE IT RESOLVED by the State Bond Committee of the State of Alaska, as follows:

ARTICLE XVIII  
DEFINITIONS AND RULES OF CONSTRUCTION

Section 18.01. Definitions. For purposes of this Third Supplemental Resolution, and of any certificate, opinion or other document mentioned herein, the following capitalized terms shall have the meanings specified in this Section 18.01. Unless otherwise defined in this Third Supplemental Resolution, all capitalized terms used herein shall have the meanings assigned to such terms in the Resolution. Capitalized terms defined in the recitals hereto shall have the meanings set forth in the recitals hereto.

***Acquired Obligations*** means the Government Obligations acquired by the State under the terms of this Third Supplemental Resolution and the Escrow Agreement to effect the defeasance and refunding of the Refunded Bonds.

***Bond Purchase Contract*** means the purchase contract relating to the Bonds between the State and the Underwriters as approved by the Designated Representative pursuant to Section 19.13.

***Escrow Agent*** means J.P. Morgan Trust Company, National Association, Los Angeles, California, acting in the capacity of Escrow Agent pursuant to the Escrow Agreement.

***Escrow Agreement*** means the Escrow Agent Agreement pursuant to which the proceeds of the Refunding Bonds will be held by the Escrow Agent to defease the Refunded Bonds.

**Outstanding Parity Bonds** means the following:

Original Authorizing Resolution No.	Designation	Dated Date of Issue	Original Principal Amount	Current Outstanding Principal Amount (as of 12/1/03)
93-5 & 68-4	International Airports Refunding Revenue Bonds, Series I	8/1/93	\$ 34,755,000	\$ 23,140,000
99-01	International Airport System Revenue Bonds, Series 1999A	1/15/99	\$162,500,000	\$152,030,000
99-01	International Airports System Revenue Bonds, Series 1999B	1/15/99	\$ 16,675,000	\$ 15,550,000
99-07	International Airports System Revenue Bonds, Series 1999C	10/1/99	\$ 25,000,000	\$ 23,820,000
2002-01	International Airports System Revenue Bonds, Series 2002A (AMT)	4/1/02	\$ 13,060,000	\$ 13,060,000
2002-01	International Airports System Revenue Bonds, Series 2002B	4/1/02	\$ 127,720,000	\$127,720,000

**Refunded Bonds** means the State of Alaska International Airports Refunding Revenue Bonds, Series I maturing on and after October 1, 2004.

**Refunding Account** means the Account by that name created pursuant to Section 19.16 of this Third Supplemental Resolution.

**Refunding Bonds** means the portion of the Series 2003 Bonds issued pursuant to this Third Supplemental Resolution for the purpose of refunding the Refunded Bonds.

**Resolution** means Resolution No. 99-01 adopted by the Committee on January 28, 1999.

**Series 2003 Bonds** means, collectively, the Series 2003A Bonds and the Series 2003B Bonds.

**Series 2003A Bonds** means the State of Alaska International Airports System Revenue and Refunding Bonds, Series 2003A (AMT), issued pursuant to the Resolution and Article XIX of this Third Supplemental Resolution.

**Series 2003B Bonds** means the State of Alaska International Airports System Revenue Bonds, Series 2003B, issued pursuant to the Resolution and Article XIX of this Third Supplemental Resolution.

**Series 2003 Bond Insurer** means MBIA Insurance Corporation, a stock insurance corporation organized and existing under the laws of the State of New York..

***Series 2003 Bond Insurance Policy*** means the municipal bond insurance policy to be issued by the Series 2003 Bond Insurer simultaneously with the delivery of the Series 2003 Bonds, insuring the payment when due of the principal of and interest on the Series 2003 Bonds as provided therein.

***Series 2003 Components*** means the components of the Anchorage Airport Project and the improvements to the Fairbanks Airport identified on Exhibit A attached hereto.

***Term Bonds*** means those Series 2003 Bonds identified as Term Bonds in the Bond Purchase Contract.

***Third Supplemental Resolution*** means this Resolution No. 2003-10, as the same may be amended in accordance with its terms.

**Section 18.02. Rules of Construction.** The following rules of construction shall be applied to this Third Supplemental Resolution.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Third Supplemental Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Third Supplemental Resolution as a whole and not to any particular Article, Section or subdivision hereof.

(d) In this Third Supplemental Resolution, the words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the form of Parity Bond) refer to this entire Third Supplemental Resolution.

(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action hereunder by the AIAS shall, unless the form thereof is specifically provided, be in writing signed by the Authorized AIAS Representative.

**Section 18.03. Effect of Resolution.** Except as expressly provided herein, every term and condition contained in the Resolution shall apply to this Third Supplemental Resolution and to the Series 2003 Bonds with the same force and effect as if the same were set forth herein at length.

ARTICLE XIX  
THE SERIES 2003 BONDS

Section 19.01. Authorization of the Series 2003 Bonds. The State shall issue the Series 2003 Bonds as authorized by the Act, in two series of bonds, in the total aggregate principal amount of \$94,925,000.

The Series 2003A Bonds and the Series 2003B Bonds shall be issued in the aggregate principal amounts of \$73,025,000 and \$21,900,000, respectively, for the purpose of providing part of the funds necessary to (i) pay the costs of the Series 2003 Components, (ii) refund the Refunded Bonds; (iii) funding the Reserve Account Requirement for the Series 2003 Bonds, and (iv) pay the costs incidental to the foregoing and to the issuance of the Series 2003 Bonds including the costs of the Series 2003 Bond Insurance Policy premium for the Series 2003 Bonds.

Section 19.02. Bond Details.

(a) *Description of the Series 2003A Bonds.* The Series 2003A Bonds shall be designated as "State of Alaska International Airports System Revenue and Refunding Bonds, Series 2003A (AMT)," shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of the date of their original delivery, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Series 2003A Bond shall represent more than one maturity), shall bear interest from their date until the Series 2003A Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on April 1, 2004, shall bear interest at the per annum rates set forth below, and shall mature on October 1 of the following years in the following principal amounts:

Maturity Years (October 1)	Principal Amounts <sup>1</sup>	Interest Rates
2004	\$ 1,770,000-R	2.000 %
2005	1,635,000-R	2.000
2005	1,910,000	2.000
2006	1,675,000-R	2.200
2006	1,760,000	2.200
2007	675,000-R	2.500
2007	1,040,000-R	3.000
2007	1,870,000	3.000
2008	1,765,000-R	3.000
2008	1,925,000	3.000
2009	1,830,000-R	3.250
2009	1,980,000	3.250
2010	535,000-R	3.600
2010	1,360,000-R	5.250
2010	2,045,000	5.250
2011	295,000-R	3.800
2011	1,700,000-R	5.000
2011	2,155,000	5.000
2012	1,535,000-R	4.000
2012	565,000-R	4.100
2012	2,260,000	4.000
2013	1,455,000-R	4.000
2013	740,000-R	4.200
2013	2,350,000	4.000
2014	2,125,000-R	4.100
2014	165,000-R	4.300
2014	2,445,000	4.100
2015	225,000-R	4.450
2015	2,170,000-R	5.500
2015	2,545,000	5.500
2016	70,000	4.550
2016	2,615,000	5.500
2017	350,000	4.650
2017	2,485,000	5.500
2018	240,000	4.700
2018	2,745,000	5.500
2019	10,000	4.750
2019	3,135,000	5.500
2020	3,320,000	5.500
2021	3,505,000	5.000
2022	3,680,000	5.000
2024	4,365,000	5.000

<sup>1</sup> Principal amounts designated with an "-R" represent Refunding Bonds.

(b) *Description of the Series 2003B Bonds.* The Series 2003B Bonds shall be designated as “State of Alaska International Airports System Revenue Bonds, Series 2003B,” shall be registered as to both principal and interest and shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated as of the date of their original delivery, shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 (provided that no Series 2003B Bond shall represent more than one maturity), shall bear interest from their date until the Series 2003B Bond bearing such interest has been paid or its payment duly provided for, payable semiannually on the first days of each April and October, beginning on April 1, 2004, shall bear interest at the per annum rates set forth below , and shall mature on October 1 of the following years in the following principal amounts:

Maturity Years (October 1)	Principal Amounts	Interest Rates
2024	\$ 600,000	4.875 %
2026	11,675,000	5.000
2028	9,625,000	5.000

(c) *Series 2003 Bonds a Special Fund Obligation.* The Series 2003 Bonds are not general obligations of the State, and no tax revenues of the State may be used to pay the principal of, premium, if any, and interest on the Series 2003 Bonds.

The Series 2003 Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Series 2003 Bonds do not constitute an indebtedness of the State within the meaning of the constitutional provisions and limitations of the State of Alaska.

Section 19.03. Redemption and Purchase.

(a) *Optional Redemption.* The Series 2003 Bonds maturing on and after October 1, 2014 shall be subject to optional redemption in advance of their scheduled maturity on or after October 1, 2013 in whole or in part at any time, with maturities to be selected by the State, at a price of par, plus accrued interest, if any, to the date of redemption.

(b) *Mandatory Redemption.* Unless redeemed pursuant to the foregoing optional redemption provisions, the Series 2003A Bonds maturing on October 1, 2024 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2023	\$ 3,860,000
2024*	505,000

\* Maturity.

Unless redeemed pursuant to the foregoing optional redemption provisions, the Series 2003B Bonds maturing on October 1, 2024 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2024*	600,000

\* Maturity.

Unless redeemed pursuant to the foregoing optional redemption provisions, the Series 2003B Bonds maturing on October 1, 2026 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2024	\$ 2,950,000
2025	4,255,000
2026*	4,470,000

\* Maturity.

Unless redeemed pursuant to the foregoing optional redemption provisions, the Series 2003B Bonds maturing on October 1, 2028 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2027	\$ 4,695,000
2028*	4,930,000

\* Final Maturity.

(c) *Purchase of the Series 2003 Bonds for Retirement.* The State reserves the right to use at any time any Revenue on deposit in the Revenue Fund available after providing for the payments authorized by Section 3.02(c)(1) through (3) of the Resolution to purchase for retirement any of the Series 2003 Bonds offered to the State at any price deemed reasonable to the State's Debt Manager.

(d) *Effect of Optional Redemption/Purchase.* To the extent that the State shall have optionally redeemed or purchased any Term Bonds since the last scheduled mandatory redemption of such Term Bonds, the State may reduce the principal amount of the Term Bonds of the same Series and maturity to be redeemed in like aggregate principal amount. Such reduction may be applied in the year specified by the Designated Representative.

(e) *Selection of the Series 2003 Bonds for Redemption.* The maturities to be redeemed shall be selected by the State and, within a maturity, as long as the Series 2003 Bonds are held in book-entry only form, the selection of the Series 2003 Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 2003 Bonds are no longer held in uncertificated form, the selection of such Series 2003 Bonds to be redeemed shall be made as provided in this subsection (e). If the State redeems at any one time fewer than all of the Series 2003 Bonds having the same maturity date, the particular Series 2003 Bonds or portions of Series 2003 Bonds of maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Series 2003 Bond of a denomination greater than \$5,000, the State and Registrar shall treat each Series 2003 Bond as representing such number of separate Series 2003 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2003 Bond by \$5,000. In the event that only a portion of the principal sum of a Series 2003 Bond is redeemed, upon surrender of the such Series 2003 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof or, at the option of the Registered Owner, a Series 2003 Bond of like maturity and interest rate in any of the denominations herein authorized.

(f) *Notice of Redemption.*

(i) Official Notice. Unless waived by any owner of the Series 2003 Bonds to be redeemed, official notice of any such redemption (which notice, in the case of an optional redemption, shall state that redemption is conditioned by the Registrar on the receipt of sufficient funds for redemption) shall be given by the Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2003 Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all Outstanding Series 2003 Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Series 2003 Bonds to be redeemed,
- (D) that on the date fixed for redemption, provided that in the case of optional redemption the full amount of the redemption price is on deposit therefor, the redemption price will become due and payable upon each such Series 2003 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Series 2003 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Unless the State has revoked the notice of redemption in the case of an optional redemption, on or prior to any redemption date, the State shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Series 2003 Bonds or portions of the Series 2003 Bonds which are to be redeemed on that date.

Failure to give notice as to redemption of any Series 2003 Bond or any defect in such notice shall not invalidate redemption of any other Series 2003 Bond.

Notwithstanding the foregoing, if the Series 2003 Bonds are then held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then effect at DTC but not less than 30 days prior to the date of redemption.

(ii) Effect of Notice; Series 2003 Bonds Due. Official notice of redemption having been given as aforesaid, the Series 2003 Bonds or portions of the Series 2003 Bonds to be so redeemed shall, on the redemption date (unless in the case of optional redemption the State shall default in the payment of the redemption price), become due and payable at the redemption price therein specified, and from and after such date such Series 2003 Bonds or portions of the Series 2003 Bonds shall cease to bear interest. Upon surrender of such Series 2003 Bonds for redemption in accordance with said notice, such Series 2003 Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to a mandatory redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2003 Bond, there shall be prepared for the Registered Owner a new Series 2003 Bond of the same maturity and Series in the aggregate amount of the unpaid principal. All Series 2003 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

(iii) Additional Notice. In addition to the foregoing notice, further notice shall be given by the State as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Series 2003 Bonds being redeemed; (B) the date of issue of the Series 2003 Bonds as originally issued; (C) the rate of interest borne by each Series 2003 Bond being redeemed; (D) the maturity date of each Series 2003 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 2003 Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to the Series 2003 Bond Insurer, and to each NRMSIR, the SID, if any, and to the Underwriters or to their business successors, if any, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the Registrar deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Series 2003 Bonds.

(iv) Use of CUSIP Numbers. Upon the payment of the redemption price of the Series 2003 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by maturity, the Series 2003 Bonds being redeemed with the proceeds of such check or other transfer.

(v) Amendment of Notice Provisions. The foregoing notice provisions of this Section 19.03, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended without the consent of any owners of the Series 2003 Bonds by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 19.04. Place and Medium of Payment. The principal of, premium, if any, and interest on the Series 2003 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2003 Bonds shall be calculated on the basis of a 360-day year (twelve 30-day months). For so long as all Series 2003 Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

In the event that the Series 2003 Bonds are no longer in fully immobilized form, interest on the Series 2003 Bonds shall be paid by check or draft mailed (or by wire transfer, without transfer fee, to a Registered Owner of such Series 2003 Bonds in aggregate principal amount of \$1,000,000 or more who so requests) to the Registered Owners of the Series 2003 Bonds at the addresses for such Registered Owners appearing on the Series 2003 Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Series 2003 Bonds shall be payable upon presentation and surrender of such Series 2003 Bonds by the Registered Owners at the principal office of the Registrar.

Section 19.05. Registration.

(a) *Registrar/Series 2003 Bond Register.* So long as any Series 2003 Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of the Series 2003 Bonds at its principal corporate trust office. The Registrar may be removed at any time as provided in Section 5.01 of the Resolution upon prior notice to the Bond Insurer, as the case may be, DTC, each NRMSIR and the SID, if any, and a successor Registrar appointed by the Committee. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the State, to authenticate and deliver the Series 2003 Bonds transferred or exchanged in accordance with the provisions of such Series 2003 Bonds and this Third Supplemental Resolution and to carry out all of the Registrar's powers and duties under this Third Supplemental Resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2003 Bonds.

(b) *Registered Ownership.* The State and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Series 2003 Bond as the absolute owner thereof for all purposes (except as provided in Section 19.14 of this Third Supplemental Resolution), and neither the State nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2003 Bond shall be made only as described in Section 19.04 hereof, but such Series 2003 Bond may be transferred as herein provided. All such payments made as described in Section 19.04 shall be valid and shall satisfy and discharge the liability of the State upon such Series 2003 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Series 2003 Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Series 2003 Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on the Series 2003 Bonds, any notice which is permitted or required to be given to Registered Owners under this Third Supplemental Resolution (except such notices as shall be required to be given by the State to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series 2003 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series 2003 Bonds.

If any Series 2003 Bond shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Series 2003 Bond until such Series 2003 Bond is paid.

(d) *Use of Depository.*

(i) The Series 2003 Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Series 2003 Bond maturing on each of the maturity dates for the Series 2003 Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 2003 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Committee pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Registrar shall, upon receipt of all Outstanding Series 2003 Bonds, together with a written request on behalf of the Committee, issue a single new Series 2003 Bond for each maturity of the Series 2003 Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Committee determines that it is in the best interest of the beneficial owners of the Series 2003 Bonds that such owners be able to obtain such bonds in the form of Series 2003 Bond certificates, the ownership of such Series 2003 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Committee shall deliver a written request to the Registrar, together with a supply of definitive Series 2003 Bonds, to issue Series 2003 Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then Outstanding Series 2003 Bonds together with a written request on behalf of the Committee to the Registrar, new Series 2003 Bonds shall be issued in the appropriate denominations and Series and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 2003 Bond may be registered and Series 2003 Bonds may be exchanged, but no transfer of any such Series 2003 Bond shall be valid unless such Series 2003 Bond is surrendered to the Registrar with the assignment form appearing on such Series 2003 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2003 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 2003 Bond (or Series 2003 Bonds at the option of the new Registered Owner) of the same date, Series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2003 Bond, in exchange for such surrendered and canceled Series 2003 Bond. Any Series 2003 Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of the Series 2003 Bonds of the same date, Series, maturity and interest rate, in any authorized denomination or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Series 2003 Bond during the 15 days preceding the date any such Series 2003 Bond is to be redeemed.

(f) *Registrar's Ownership of the Series 2003 Bonds.* The Registrar may become the Registered Owner of any Series 2003 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Series 2003 Bonds.

(g) *Registration Covenant.* The State covenants that, until all Series 2003 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Series 2003 Bond that complies with the provisions of Section 149 of the Code.

Section 19.06. Application of Proceeds of the Series 2003 Bonds. Upon receipt of payment for any of the Series 2003 Bonds when the same shall have been sold by the State, the State shall forthwith deposit the proceeds received from such sale in the following respective funds:

(a) The State shall deposit with the Registrar in the Interest Account established pursuant to Section 3.02 of the Resolution the accrued interest to the date of payment of the purchase price of the Series 2003 Bonds received upon the sale thereof.

(b) The State shall transfer or the Underwriters shall transfer directly the necessary amount of proceeds to pay the insurance premium for the Series 2003 Bond Insurance Policy and/or surety policy to the Series 2003 Bond Insurer.

(c) The State shall deposit the necessary amount of proceeds into the Reserve Account to satisfy the Reserve Account Requirement for the Series 2003 Bonds, if any.

(d) The State shall set aside the necessary amount of proceeds for deposit into a special account within the Construction Fund to be designated as the Series 2003 Capitalized Interest Account.

(e) The State shall transfer the necessary amount of proceeds to the Escrow Agent to refund the Refunded Bonds under the terms of the Escrow Agreement.

(f) The State shall deposit the remainder of such proceeds (the "Net Proceeds") in the Construction Fund to pay the costs of the Series 2003 Components and the costs of issuance of the Series 2003A Bonds and the Series 2003B Bonds.

Section 19.07. Construction Funds and Reserve Account.

(a) *Construction Fund.* The Net Proceeds of the Series 2003 Bonds shall be deposited in the Construction Fund maintained in the State Treasury. However, the net proceeds of the Series 2003 Bonds shall be segregated for purposes of accounting for expenditures. Separate accounts are authorized to be maintained in the State Treasury's Construction Fund, for the Series 2003A Bond proceeds and the Series 2003B Bond proceeds and the interest and investment earnings (proceeds of the sale and reinvestment) thereon. Disbursements shall be made from the proceeds of the Series 2003A Bonds and the Series 2003B Bonds to pay or

reimburse the State for its payment of the costs of the Series 2003 Components and to pay the costs of issuance of the Series 2003 Bonds.

The proceeds of the Series 2003 Bonds deposited in the Series 2003 Capitalized Interest Account, together with interest earnings thereon, may be used at the direction of the Authorized AIAS Representative to pay interest on the Series 2003 Bonds pending completion of the Series 2003 Components. In the alternative, money in the Series 2003 Capitalized Interest Account may be used to pay costs of the Series 2003 Components at the direction of the Commissioner of Transportation and Public Facilities, to the extent permitted within the then current appropriation available for the Series 2003 Components.

Money in the Construction Fund pursuant to Section 8.07(a) and this Section 19.07(a) may be invested in those obligations identified as "Permitted Investments". In addition, such proceeds may be invested in any of the investment pools operated by the Department of Revenue. Earnings on such investments shall accrue to the benefit of the respective account and subaccount for each Series of Bonds except as may be required to be used to pay the Rebutable Arbitrage pursuant to this Third Supplemental Resolution. The allocation of interest earnings and investment earnings of the Series 2003 Bonds will be made utilizing the State's accounting system and cooperation through the Department of Transportation and Public Facilities, the Department of Administration, Division of Finance and the Department of Revenue, Treasury Division. Any balance remaining with respect to each Series of Bonds after the completion of the Series 1999A Components, the Series 1999B Components, the Series 1999C Components, the Series 2002 Components, the Series 2003 Components and after all the costs thereof have been paid, shall be transferred to the Bond Fund.

(b) *Reserve Account.* There is hereby authorized to be created in the Reserve Account a subaccount for the Series 2003 Bonds. The State hereby covenants and agrees that on the date of issuance of the Series 2003 Bonds, it will deposit funds into the Reserve Account in the amount necessary to satisfy the Reserve Requirement attributable to the Series 2003 Bonds which with the remaining balance on hand in the Reserve Account (currently in the form of a surety bond and cash reserve) to be equal to the Reserve Account Requirement.

Section 19.08. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of any Series 2003 Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, and, if such Series 2003 Bonds are to be redeemed prior to maturity, irrevocable notice, or instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 2003 Bonds so provided for and such Series 2003 Bonds shall then cease to be entitled to any lien, benefit or security of this Third Supplemental Resolution, except the right to receive the funds so set aside and pledged and notices of early redemption, if any, and such Series 2003 Bonds shall no longer be deemed to be Outstanding hereunder, or under any resolution authorizing the issuance of bonds or other indebtedness of the State.

Within 45 days of any defeasance of the Series 2003 Bonds, the State shall provide notice of defeasance of the Series 2003 Bonds to Registered Owners of the Series 2003 Bonds being defeased, to the Series 2003 Bond Insurer, as applicable, and to each NRMSIR and SID, if any, in accordance with Section 11.14.

Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 2003 Bonds shall be paid by the Series 2003 Bond Insurer pursuant to the Series 2003 Insurance Policy, the Series 2003 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Series 2003 Bond Insurer, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Series 2003 Bond Insurer to the Registered Owners shall continue to exist and shall run to the Benefit of the Series 2003 Bond Insurer, and the Series 2003 Bond Insurer shall be subrogated to the rights of such Registered Owners.

Section 19.09. Tax Covenants. The State covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Series 2003 Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Series 2003 Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the State covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Series 2003 Bonds or any other funds of the State which may be deemed to be proceeds of the Series 2003 Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Series 2003 Bonds to the initial purchasers thereof, would have caused the Series 2003 Bonds to be “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code.

The State represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The State will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Series 2003 Bonds.

(b) *Rebatable Arbitrage.*

(i) *General Rule.* The State will pay to the United States of America in accordance with the provisions of this Section 19.09(b): (A) rebate installment payments which, when added to the future value as of the Computation Date of all previous rebate payments made with respect to the Series 2003 Bonds, equal at least 90% of the Rebatable Arbitrage with respect to the Series 2003 Bonds; and (B) a final rebate installment payment in an amount which, when added to the future value of all previous rebate payments made with respect to the Series 2003 Bonds, equals 100% of the Rebatable Arbitrage.

(ii) *Computation of Rebatable Arbitrage.* As of any Computation Date, the Rebatable Arbitrage for the Series 2003 Bonds is the excess of the future value, as of such date, of all Receipts over the future value, as of such date, of all Payments.

(iii) *Payment Procedure.* (A) The first rebate installment payment will be made for a Computation Date that is no later than five years after the issue date of the Series 2003 Bonds. Subsequent rebate installment payments will be made for a Computation Date that is not later than five years after the previous Computation Date for which rebate installment payment was made. Each rebate installment payment will be paid no later than 60 days after the Computation Date to which the payment relates.

(B) A final rebate payment will be paid within 60 days of the date the Series 2003 Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations.

(C) Each payment of Rebatable Arbitrage will be made to the Internal Revenue Service Center, Ogden, Utah 84201 and will be accompanied by IRS Form 8038-T.

(c) *Use of Proceeds of the Series 2003 Bonds.* The Series 2003 Components include only facilities that are directly related and essential to:

- (i) servicing aircraft or enabling aircraft to take off and land or
- (ii) transferring passengers or cargo to or from aircraft or functionally related and subordinate to such airport facilities,

The State will, at all times while the Series 2003 Bonds are Outstanding be the owner of all elements of the Series 2003 Components being financed with such Series 2003 Bonds. If any portion of the Series 2003 Components is the subject of a lease or management contract with an entity other than a governmental unit, then the lease or management contract must meet the requirements of Section 142(b)(1)(B) of the Code.

The Series 2003 Components funded with the proceeds of the Series 2003A Bonds shall not include any:

- (i) lodging facility,
- (ii) retail facility (including food and beverage facilities) in excess of a size necessary to serve passengers and employees,
- (iii) retail facility (other than parking) for passengers or the general public located outside the airport,
- (iv) office building for persons who are not employees of a governmental unit or the State, or

(v) industrial park or manufacturing facility, that is to be used for any private business use (within the meaning of Section 141(b)(6) of the Code).

Any element of any Series 2003 Components that is an office must be located at the airport and no more than a de minimis amount of the functions performed at such office may not be directly related to day-to-day operations of the airport. Any storage or training facilities included in any project must be located at the airport and must be of a character and size commensurate with the character and size of the airport.

All elements of the Series 2003 Components need to be located at or in close proximity to the take-off and landing area in order to perform their functions.

Any land acquired by the State as a part of the Series 2003 Components will be (A) acquired solely to mitigate damages attributable to airport noise or (B) land that is adjacent to the airport, impaired by a significant level of airport noise and (1) in the case of improved land, use of the land and improvements before acquisition is incompatible with the airport noise level, use after acquisition is compatible with the airport noise level and the post-acquisition use is essentially different from the pre-acquisition use or (2) in the case of unimproved land (including agricultural land), use of the land after its acquisition will not be incompatible with the level of airport noise.

(d) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Series 2003 Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof (and without the consent of the Bond Insurer, the Registrar or any Registered Owner) upon receipt of an opinion of the State's Bond Counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Series 2003 Bonds.

Section 19.10. Lost, Stolen, Mutilated or Destroyed Series 2003 Bonds. In case any Series 2003 Bond or Series 2003 Bonds shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2003 Bond or Series 2003 Bonds of like date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the State in connection therewith and upon his filing with the State evidence satisfactory to the State that such Series 2003 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2003 Bond) and of his ownership thereof, and upon furnishing the State with indemnity satisfactory to the State.

Section 19.11. Form of the Series 2003 Bonds and Registration Certificate.

(a) *Required Recital.* Each Series 2003 Bond shall include a recital to the effect that it is issued under AS 37.15.410 - 37.15.550.

(b) *Series 2003A Bonds.* The Series 2003A Bonds shall be in substantially the following form:

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the principal office of J.P. Morgan Trust Company, National Association, as Registrar, in Seattle, Washington.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the State of Alaska (the "Issuer") to J.P. Morgan Trust Company, National Association, or its successor, as Registrar (for purposes of this policy, the "Paying Agent"), of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$73,025,000  
State of Alaska  
International Airports System Revenue and Refunding Bonds,  
Series 2003A (AMT)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of

assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA Insurance Corporation

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE AND REFUNDING BOND,  
SERIES 2003A (AMT)

MATURITY DATE:

CUSIP NO. \_\_\_\_\_

INTEREST RATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from December 11, 2003, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on April 1, 2004. The

principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of J.P. Morgan Trust Company, National Association, Los Angeles, California, acting through its agency office in Seattle, Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of \$73,025,000 of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 – 37.15.550 and pursuant to Resolution No. 99-01 as supplemented by Supplemental Resolution No. 2003-10 of the State Bond Committee (collectively, the "Bond Resolution") to finance additions and improvements to its airport properties and facilities and refunding certain outstanding airport revenue bonds of the State.

The bonds of this issue maturing on and after October 1, 2014 shall be subject to optional redemption in advance of their scheduled maturity on or after October 1, 2013 in whole or in part at any time, with maturities to be selected by the State, at a price of par, plus accrued interest, if any, to the date of redemption.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2024 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2023	\$ 3,860,000
2024*	505,000

\* Maturity.

The bonds of this series are private activity bonds. The bonds of this series are not "qualified tax exempt obligations" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC's operational arrangements. The State and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenues and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenues into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenues, if any, equal in rank to the lien and charge upon such Revenues of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska, has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the 11th day of December, 2003.

STATE OF ALASKA

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Governor

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Lieutenant Governor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue and Refunding Bonds, Series 2003A (AMT) of the State of Alaska, dated December 11, 2003.

J.P. Morgan Trust Company, National  
Association, Registrar

By \_\_\_\_\_  
Authorized Signer

(b) *Series 2003B Bonds.* The Series 2003B Bonds shall be in substantially the following form:

#### STATEMENT OF INSURANCE

MBIA Insurance Corporation (the “Insurer”) has issued a policy containing the following provisions, such policy being on file at the principal office of J.P. Morgan Trust Company, National Association, as Registrar, in Seattle, Washington.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the State of Alaska (the “Issuer”) to J.P. Morgan Trust Company, National Association, or its successor, as Registrar (for purposes of this policy, the “Paying Agent”), of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the “Insured Amounts.” “Obligations” shall mean:

\$21,900,000  
State of Alaska  
International Airports System Revenue Bonds,  
Series 2003B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient

for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancelable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA Insurance Corporation

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF ALASKA

INTERNATIONAL AIRPORTS SYSTEM REVENUE BOND, SERIES 2003B

MATURITY DATE:

CUSIP NO. \_\_\_\_\_

INTEREST RATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE STATE OF ALASKA (the "State"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the State known as the "International Airports Revenue Bond Redemption Fund" (the "Bond Fund") the Principal Amount indicated above and to pay interest thereon from the Bond Fund from December 11, 2003, or the most recent date to which interest has been paid or

duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each April and October, beginning on April 1, 2004. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid as provided in the Blanket Issuer Letter of Representations (the "Letter of Representations") by the State to The Depository Trust Company ("DTC"). Principal shall be paid as provided in the Letter of Representations to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of J.P. Morgan Trust Company, National Association, Los Angeles, California acting through its agency office in Seattle, Washington (the "Registrar"). Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution.

This bond is one of a series of bonds of the State in the aggregate principal amount of \$21,900,000 of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued under AS 37.15.410 – 37.15.550 and pursuant to Resolution No. 99-01 as supplemented by Supplemental Resolution No. 2003-10 of the State Bond Committee (collectively, the "Bond Resolution") to finance additions and improvements to its airport properties and facilities.

The bonds of this issue maturing on and after October 1, 2014 shall be subject to optional redemption in advance of their scheduled maturity on or after October 1, 2013 in whole or in part at any time, with maturities to be selected by the State, at a price of par, plus accrued interest, if any, to the date of redemption.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2024 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2024*	600,000

\* Maturity.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2026 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2024	\$ 2,950,000
2025	4,255,000
2026*	4,470,000

\* Maturity.

Unless redeemed pursuant to the foregoing optional redemption provisions, the bonds of this series maturing on October 1, 2028 shall be redeemed by the State on October 1 of the following years in the following principal amounts at a price of par, plus accrued interest to the date of redemption.

Redemption Years	Amounts
2027	\$ 4,695,000
2028*	4,930,000

\* Final Maturity.

The bonds of this series are not private activity bonds. The bonds of this series are not “qualified tax exempt obligations” eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

So long as this bond is held by DTC or its nominee, the manner of selection of bonds of this issue within a maturity for redemption and transfer of bonds and the provision of notice of redemption shall be governed by the Letter of Representations and DTC’s operational arrangements. The State and Registrar shall deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of, premium, if any, and interest on the bond and for any and all other purposes whatsoever.

The State hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The State does hereby pledge and bind itself to set aside from Revenues and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

Said amounts so pledged to be paid out of Revenues into the Bond Fund are hereby declared to be a first and prior lien and charge upon the Revenues, if any, equal in rank to the lien and charge upon such Revenues of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any revenue bonds of the State hereafter issued on a parity with the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and resolutions of the State and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska, has caused this bond to be executed by the manual or facsimile signatures of the Governor and attested by the Lieutenant Governor, and

the seal of the State to be impressed or a facsimile thereof imprinted hereon as of the 11th day of December, 2003.

STATE OF ALASKA

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Governor

ATTEST:

\_\_\_\_\_/s/ \_\_\_\_\_  
Lieutenant Governor

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the State of Alaska International Airports System Revenue Bonds, Series 2003B of the State of Alaska, dated December 11, 2003.

J.P. Morgan Trust Company, National  
Association, Registrar

By \_\_\_\_\_  
Authorized Signer

In the event any Series 2003 Bonds are no longer in fully immobilized form, the form of such Series 2003 Bonds may be modified to conform to printing requirements and the terms of this Third Supplemental Resolution.

Section 19.12. Execution. The Series 2003 Bonds shall be executed on behalf of the State with the manual or facsimile signature of the Governor, shall be attested by the manual or facsimile signature of the Lieutenant Governor and shall have the seal of the State impressed or a facsimile thereof imprinted thereon.

Only such Series 2003 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Third Supplement Resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2003 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Third Supplemental Resolution.

In case either of the officers of the State who shall have executed the Series 2003 Bonds shall cease to be such officer or officers of the State before the Series 2003 Bonds so signed shall

have been authenticated or delivered by the Registrar, or issued by the State, such Series 2003 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Series 2003 Bond may also be signed and attested on behalf of the State by such persons as at the actual date of execution of such Series 2003 Bond shall be the proper officers of the State although at the original date of such Series 2003 Bond any such person shall not have been such officer.

Section 19.13. Sale of the Series 2003 Bonds. The State hereby accepts the written offer of the Underwriters to purchase the Bonds at the price set forth in their purchase offer presented to this Committee and under the terms, conditions and covenants of the Bonds as set forth herein. The Designated Representative is hereby authorized to execute the Bond Purchase Contract.

Upon the adoption of this Third Supplemental Resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2003 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2003 Bonds in accordance with the terms of the Bond Purchase Contract.

The Designated Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the State, the Official Statement (and any Preliminary Official Statement) relating to the issuance and sale of the Series 2003 Bonds and the distribution of the Series 2003 Bonds pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

As a condition precedent to the issuance of the Series 2003 Bonds, the State shall comply with the provisions of Sections 2.02 and 2.03 of the Resolution, so that the Series 2003 Bonds may be issued as Parity Bonds.

Section 19.14. Undertaking to Provide Ongoing Disclosure. The Committee hereby authorizes the Debt Manager to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Series 2003 Bonds for the benefit of the Beneficial Owners of the Series 2003 Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

Section 19.15. Series 2003 Bond Insurance Policy; Provisions Relating to the Series 2003 Bond Insurer.

(a) *Acceptance of Insurance.* The Committee hereby approves the commitments of the Series 2003 Bond Insurer to provide bond insurance policies guaranteeing the payment when due of principal of and interest on both series of the Series 2003 Bonds (the "Series 2003 Bond Insurance Policy"). The Committee further authorizes and directs all proper officers, agents, attorneys and employees of the State to cooperate with the Series 2003 Bond Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the State as shall be necessary or advisable in providing for the Series 2003 Bond Insurance Policy.

(b) *Payments Under the Series 2003 Bond Insurance Policy.*

(i) In the event that, on the second business day, and again on the business day, prior to the payment date on the Series 2003 Bonds, the Registrar has not received sufficient money to pay all principal of and interest on the Series 2003 Bonds due on the second following or following, as the case may be, business day, the Registrar shall immediately notify the Series 2003 Bond Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(ii) If the deficiency is made up in whole or in part prior to or on the payment date, the Registrar shall so notify the Series 2003 Bond Insurer or its designee.

(iii) In addition, if the Registrar has notice that any bondowner has been required to disgorge payments of principal or interest on the Series 2003 Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such bondowner within the meaning of any applicable bankruptcy laws, then the Registrar shall notify the Series 2003 Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(iv) The Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for owners of the Series 2003 Bonds as follows:

(A) If and to the extent there is a deficiency in amounts required to pay interest on the Series 2003 Bonds, the Registrar shall (i) execute and deliver to U.S. Bank Trust National Association, or its successors under the Series 2003 Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Series 2003 Bond Insurer as agent for such owners in any legal proceeding related to the payment of such interest and an assignment to the Series 2003 Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Series 2003 Bond Insurer, (ii) receive as designee of the respective owners (and not as Registrar) in accordance with the tenor of the Series 2003 Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (iii) disburse the same to such respective owners; and

(B) If and to the extent of a deficiency in amounts required to pay principal of the Series 2003 Bonds, the Registrar shall (i) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Series 2003 Bond Insurer as agent for such owner in any legal proceeding relating to the payment of such principal and an assignment to the Series 2003 Bond Insurer of any of the Series 2003 Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Registrar and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (ii) receive as designee of the respective owners

(and not as Registrar) in accordance with the tenor of the Series 2003 Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (iii) disburse the same to such owner.

(v) Payments with respect to claims for interest on and principal of Series 2003 Bonds disbursed by the Registrar from proceeds of the Series 2003 Bond Insurance Policy shall not be considered to discharge the obligation of the State with respect to such Series 2003 Bonds, and the Series 2003 Bond Insurer shall become the owner of such unpaid Series 2003 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(vi) Irrespective of whether any such assignment is executed and delivered, the State and the Registrar hereby agree for the benefit of the Series 2003 Bond Insurer that:

(A) They recognize that to the extent the Series 2003 Bond Insurer makes payments, directly or indirectly (as by paying through the Registrar), on account of principal of or interest on the Series 2003 Bonds, the Series 2003 Bond Insurer will be subrogated to the rights of such owners to receive the amount of such principal and interest from the State, with interest thereon as provided and solely from the sources stated in this supplemental resolution and the Series 2003 Bonds; and

(B) They will accordingly pay to the Series 2003 Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Series 2003 Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this supplemental resolution and the Series 2003 Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Series 2003 Bonds to owners, and will otherwise treat the Series 2003 Bond Insurer as the owner of such rights to the amount of such principal and interest.

(c) *Rights of Series 2003 Bond Insurer.*

(i) In connection with the issuance of future Parity Bonds, the State shall deliver to the Series 2003 Bond Insurer a copy of the disclosure document, if any, circulated with respect to such future Parity Bonds.

(ii) The Series 2003 Bond Insurer shall receive copies of the State's audited financial statements and annual budget.

(iii) Copies of any amendments made to the documents executed in connection with the issuance of the Series 2003 Bonds which are consented to by the Series 2003 Bond Insurer shall be sent to Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.

(iv) The Series 2003 Bond Insurer shall receive notice of the resignation or renewal of the Registrar and the appointment of a successor, other than the designated state fiscal agent.

(v) Any notices required to be given by any party under this supplemental ordinance shall also be given to the Series 2003 Bond Insurer and sent by registered or certified mail addressed to: MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

(vi) The State agrees to reimburse the Series 2003 Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including reasonable attorneys' fees and expenses, incurred by the Series 2003 Bond Insurer in connection with (A) enforcement by the Series 2003 Bond Insurer of the State's obligations, or the preservation or defense of any rights of the Series 2003 Bond Insurer, under this supplemental ordinance and any other document executed in connection with the issuance of the Series 2003 Bonds, and (B) any consent, amendment, waiver or other action with respect to this supplemental ordinance or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Series 2003 Bond Insurer reserves the right to charge a reasonable fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(vii) The State agrees not to use the Series 2003 Bond Insurer's name in any published document including, without limitation, a press release or presentation, announcement or forum without the Series 2003 Bond Insurer's prior consent; *provided* that the State may use the Series 2003 Bond Insurer's name in any general or particular factual statement to the effect that the Series 2003 Bond Insurer insures certain outstanding State bonds. In the event that the State is advised by counsel that it has a legal obligation to disclose the Series 2003 Bond Insurer's name in any press release, public announcement or other published document, the State shall provide the Series 2003 Bond Insurer with at least three (3) business days' prior written notice of its intent to use the Series 2003 Bond Insurer's name together with a copy of the proposed use of the Series 2003 Bond Insurer's name and of any description of a transaction with the Series 2003 Bond Insurer and shall obtain the Series 2003 Bond Insurer's prior consent as to the form and substance of the proposed use of the Series 2003 Bond Insurer's name and any such description. The foregoing shall not apply to any request for public records duly received by the State, and the State shall not be obligated to notify the Series 2003 Bond Insurer of its intent to comply with any public disclosure request.

(viii) The State shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Series 2003 Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Series 2003 Bonds without the prior consent of the Series 2003 Bond Insurer.

The provisions of this section shall be in effect only so long as the Series 2003 Bond Insurance Policy is in full force and effect.

Section 19.16. Refunding Account. There is hereby authorized to be created an account known as the "Refunding Account" which account is to be drawn upon for the sole purpose of paying the interest on the Refunded Bonds until their date of redemption, paying the redemption price of the Refunded Bonds on the date of redemption of the Refunded Bonds and paying costs related to the refunding of the Refunded Bonds.

The proceeds of sale of the Refunding Bonds (exclusive of accrued interest thereon, which shall be paid into the Interest Account) shall be credited to the Refunding Account.

Money in the Refunding Account shall be used immediately upon receipt thereof to defease the Refunded Bonds as authorized by Resolution Nos. 93-5 and 68-4 and pay costs of issuance allocable to the Refunding Bonds. The State shall defease the Refunded Bonds and discharge such obligations by the use of money in the Refunding Account to purchase certain Government Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of interest on the Bonds through the Call Date and the redemption price of the Refunded Bonds being redeemed on January 8, 2004.

A beginning cash balance, if any, and Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The proceeds of the Refunding Bonds remaining in the Refunding Account after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Refunding Bonds.

Section 19.17. Call for Redemption of the Refunded Bonds. The State hereby irrevocably sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Refunding Bonds to make the payments described in Section 19.16 of this Third Supplemental Resolution.

The State hereby irrevocably calls the Refunded Bonds maturing on and after October 1, 2004 for redemption on January 8, 2004 in accordance with the provisions of Resolution Nos. 93-5 and 68-4 authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturity.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the final establishment of the escrow account and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the timely giving of notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of Resolution Nos. 93-5 and 68-4. The Designated Representative is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the State.

The Escrow Agent is hereby authorized and directed to pay to the Designated Representative, or, at the direction of the Designated Representative, to the paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in of Section 19.16 of this Third Supplemental Resolution. All such sums shall be paid from the moneys and Acquired Obligations deposited with said Escrow Agent pursuant to Section 19.16 of this Third Supplemental Resolution and the income therefrom and proceeds thereof. All such sums so paid to or at the direction of said Designated Representative shall be credited to the Refunding Account. All moneys and Acquired Obligations deposited with said Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of the Escrow Agreement.

The State will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

In order to carry out the purposes of Section 19.16 of this Third Supplemental Resolution and of this section, the Designated Representative is authorized and directed to execute and deliver to the Escrow Agent a copy of the Escrow Agreement.

## ARTICLE XX COMPLIANCE WITH PARITY CONDITIONS

Section 20.01. Requirements of Supplemental Resolution. In connection with Section 2.02 of the Resolution the State hereby finds that this Third Supplemental Resolution specifies and provides for the following:

- (a) the authorized principal amount and designation of the Series 2003 Bonds;
- (b) the general purpose or purposes for which the Series 2003 Bonds are being issued, and the deposit, disbursement and application of the proceeds of the sale of the Parity Bonds;
- (c) the date or dates, and the maturity date or dates, of the Series 2003 Bonds, and the principal amount maturing on each maturity date;
- (d) the interest rate or rates on the Series 2003 Bonds (which may be a rate of zero) and the interest payment date or dates therefor, and whether such interest rate or rates shall be fixed, variable or a combination of both and, if necessary, the manner of determining such rate or rates;
- (e) the circumstances, if any, under which the Series 2003 Bonds will be deemed to be no longer Outstanding;
- (f) the currency or currencies in which the Series 2003 Bonds are payable;

(g) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Series 2003 Bonds;

(h) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Series 2003 Bonds;

(i) the tender agent or tender agents, if any, for the Series 2003 Bonds and the duties and obligations thereof;

(j) the remarketing agent or remarketing agents, if any, for the Series 2003 Bonds and the duties and obligations thereof;

(k) the registrar or trustee, if any, for the Series 2003 Bonds and the duties and obligations thereof;

(l) the form or forms of the Series 2003 Bonds and any coupons attached thereto, which may include but shall not be limited to, registered form, bearer form with or without coupons, and book-entry form, and the methods, if necessary, for the registration, transfer and exchange of the Series 2003 Bonds;

(m) the terms and conditions, if any, for the redemption of the Series 2003 Bonds prior to maturity, including the redemption date or dates, the redemption price or prices and other applicable redemption terms;

(n) the terms and conditions, if any, for the purchase of the Series 2003 Bonds upon any optional or mandatory tender for purchase prior to maturity, including the tender date or dates, the purchase date or dates, the purchase price or prices and other applicable terms;

(o) the manner of sale of the Series 2003 Bonds, with or without a premium or a discount;

(p) if so determined by the State, the authorization of and any terms and conditions with respect to credit or liquidity support for the Series 2003 Bonds and the pledge or provision of moneys, assets or security other than Revenues to or for the payment of the Series 2003 Bonds or any portion thereof;

(q) a subaccount within the Reserve Account for the Series 2003 Bonds and the application of moneys or securities therein; and

(r) any other provisions which the State deems necessary or desirable in connection with the Series 2003 Bonds.

Section 20.02. General Compliance with Parity Conditions.

The State hereby finds and determines, as required by Section 2.03 of the Resolution, as follows:

First: The issuance of the Series 2003 Bonds have been authorized by legislation amending or supplementing the Act.

Second: The Series 2003 Bonds have been authorized to pay the costs of acquiring, equipping, constructing or installing additions and improvements to and extensions of the AIAS, facilities for the landing, parking, loading, storing, repairing, safety or utility of aircraft at the AIAS or passenger, freight or terminal facilities, including safety equipment and devices, at the AIAS, found to be necessary by the Commissioner of Transportation and Public Facilities and constituting a project authorized by the Act.

Third: The State is currently and upon issuance of the Series 2003 Bonds will be in compliance with all covenants set forth in the Resolution.

The conditions set forth in Section 2.03 of the Resolution having been complied with or assured prior to the issuance of the Series 2003 Bonds, the payments into the Bond Fund for the payment of the principal of and interest on the Series 2003 Bonds and the payments required by this Third Supplemental Resolution to be made into the Reserve Fund shall constitute a lien and charge upon the money in the Revenue Fund equal in rank with the lien and charge on the money in such fund for the payments required to be made into the Bond Fund and into the Reserve Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

Said certificates having been obtained, the Series 2003 Bonds shall be Parity Bonds, having an equal lien and charge upon Revenue of the System required to be paid into the Bond Fund and the Reserve Fund therein to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

ARTICLE XXI  
MISCELLANEOUS

Section 21.01. Liability of State Limited to Revenues. Notwithstanding anything contained in this Third Supplemental Resolution, the State shall not be required to advance any moneys derived from the proceeds of any taxes, or from any source of income other than the Revenues, for the payment of the principal of or interest on the Parity Bonds, for the maintenance and operation of the airports or for the performance of any covenants herein contained. Nevertheless, the State may, but shall not be required to, advance for any of the purposes hereof any moneys which the Legislature may hereafter authorize.

The Parity Bonds shall be revenue bonds, secured exclusively by the Revenues as in the Resolution provided. The Parity Bonds are not a general obligation of the State, and the general fund of the State is not liable, and the credit or taxing power of the State is not pledged, for the payment of the Parity Bonds or their interest. The owners of the Parity Bonds, or the coupons

thereto appertaining, shall never have the right to compel the exercise of the taxing power by the State or the forfeiture of any property of the State.

Section 21.02. Benefits of Resolution Limited to Parties. Nothing in this Third Supplemental Resolution, expressed or implied, is intended to give to any person other than the State, the Registrar, the Paying Agents and the owners of the Parity Bonds and coupons, any right, remedy or claim under or by reason of the Resolution or this Third Supplemental Resolution. Any covenants, stipulations, promises or agreements in the Bond Resolution contained by and on behalf of the State shall be for the sole and exclusive benefit of the owners of the Parity Bonds and coupons, the Registrar.

Section 21.03. Successor Is Deemed Included in All References to Predecessor. Whenever, in this Third Supplemental Resolution, the Committee, any officer of the State or the Registrar is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained in the Resolution by or on behalf of the Committee, any officer of the State or the Registrar shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 21.04. Discharge of Resolution; Supplement to Resolution No. 99-01.

If —

(i) all of the outstanding Parity Bonds shall have matured, or if notice of redemption of all of the outstanding Parity Bonds prior to maturity shall have been given, or provision satisfactory to the Registrar shall have been irrevocably made for the giving of such notice, and if the State shall have deposited with the Registrar, in trust, funds pursuant to the Resolution sufficient to pay and available for the payment of all amounts then due and thereafter to become due on all Parity Bonds, including all principal, interest and redemption premiums, or

(ii) all of the outstanding Parity Bonds are to be refunded, and the conditions set forth in Section 2.04 of the Resolution have been satisfied with respect to such Parity Bonds,

then, at the election of the State, and notwithstanding that any Parity Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Revenues provided for in the Resolution and all other obligations of the State under the Resolution shall cease and terminate, except only the obligation of the State to pay or cause to be paid to the owners of the Parity Bonds and interest coupons not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Registrar.

Notwithstanding anything herein to the contrary, this Third Supplemental Resolution shall not be terminated until all obligations and amounts due and owing to any Credit Facility Issuer, including but not limited to the Bond Insurer have been paid and satisfied in full.

Any funds held by any Registrar, at the time of receipt by the Registrar of such notice from the State, which are not required for the purpose above mentioned, shall be paid over to the

Registrar. Any funds thereafter held by the Registrar, which are not required for said purpose, shall be paid over to the State.

This Third Supplemental Resolution is intended to supplement Resolution No. 99-01 of the Committee.

Section 21.05. Execution of Documents by Parity Bondowners. Any request, consent or other instrument which the Resolution may require or permit to be executed by Parity Bondowners may be in one or more instruments of substantially similar tenor, and shall be executed by Parity Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Parity Bondowner or his attorney of any such request, consent or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the amount of Parity Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Parity Bondowner, the numbers of the Parity Bonds held by such person, and the date of his holding such Parity Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Registrar, executed by a trust company, bank, banker or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Parity Bonds described in such certificate. The Registrar and the State may conclusively assume that such ownership continues until written notice to the contrary is served upon the Registrar. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Parity Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Registrar may deem sufficient. The Registrar may nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable. The ownership of registered Parity Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent or other instrument or writing of the owner of any Parity Bond shall bind all future owners of such Parity Bond in respect of anything done or suffered to be done by the Registrar or the State in good faith and in accordance therewith.

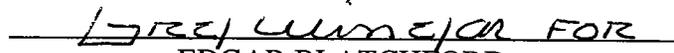
Section 21.06. Waiver of Personal Liability. No member of the Committee and no officer, agent or employee of the State, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal or interest on the Parity Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

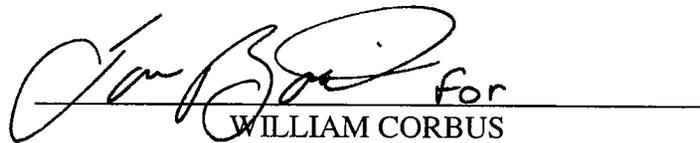
Section 21.07. Publication for Successive Weeks. Any publication to be made under the provisions of the Bond Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

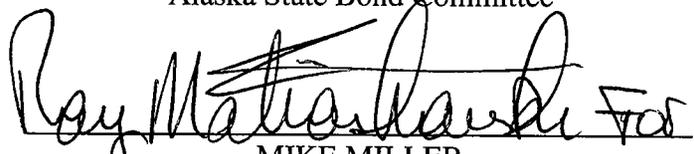
Section 21.08. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Third Supplemental Resolution on the part of the State (or of the Registrar) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Third Supplemental Resolution or of the Parity Bonds; but the Parity Bondowners shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 21.09. Effective Date. This Third Supplemental Resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 3rd day of December, 2003.

  
EDGAR BLATCHFORD  
Commissioner, Department of Commerce and  
Economic Development  
Chair and Member  
Alaska State Bond Committee

  
WILLIAM CORBUS  
Commissioner, Department of Revenue  
Secretary and Member  
Alaska State Bond Committee

  
MIKE MILLER  
Commissioner, Department of Administration  
Member  
Alaska State Bond Committee

(Approved as to form:

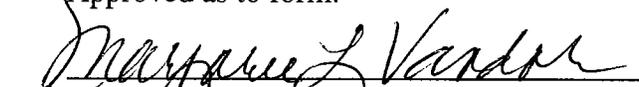
  
for Attorney General of the State of Alaska

EXHIBIT A

SERIES 2003 COMPONENTS

Improvements to the Anchorage International Airport including but not limited to the following:

- Airfield Pavement Maintenance
- Airfield Electrical Lighting Rehab/Utilities
- Airfield Safety and Blast Protection
- Taxiway/Runway Improvements
- Engine Runup Pad
- Deicing System
- Noise Abatement Program Implementation
- Completion of Terminal Core/Concourse C Redevelopment Project

Improvements to the Fairbanks International Airport including but not limited to the following:

- Taxiway "A" Reconstruction
- Terminal Redevelopment
- Equipment
- Environmental Assessment and Cleanup
- GA Ramp Expansion

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of the State of Alaska (herein called the "Committee") DO HEREBY CERTIFY:

1. That the attached Supplemental Resolution numbered 2003-10 (herein called the "Resolution") is a true and correct copy of a resolution of the Committee as adopted at a meeting held on December 3, 2003, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_ day of December, 2003.



Secretary