

STATEMENT OF ALASKA MUNICIPAL BOND BANK AUTHORITY'S POLICY RELATED TO  
REVENUE BOND LOANS FOR NON-REVENUE PRODUCING PROJECTS

WHEREAS, the Alaska Municipal Bond Bank Authority (the "Authority") is authorized by law to issue bonds and notes to make capital funds available for borrowing by municipalities in the State of Alaska (the "State"); and

WHEREAS, the municipalities evidence their borrowing with the Authority through the issuance of their bonds or notes, the terms of which are substantially identical to the terms of the Authority's bonds or notes; and

WHEREAS, the Authority seeks to continue to foster and promote by all reasonable means the facilities for borrowing money by municipalities in the State to finance capital improvements and other authorized purposes; and

WHEREAS, the Authority has been requested by municipalities to consider revenue bond loans for projects that do not produce revenues or produce revenues insufficient to pay debt service on an Authority loan; and

WHEREAS, the Authority has determined that it may be in the best interest of municipalities to make loans from Authority revenue bonds for projects that do not produce revenues sufficient to pay debt service.

IT IS NOW HEREBY DECLARED BY THE BOARD OF DIRECTORS OF THE ALASKA MUNICIPAL BOND BANK AUTHORITY THAT:

1. The Authority will consider the interests of both the municipality and the Authority when determining the applicability of Authority revenue bond financing.
2. The Authority will examine the State revenues available for intercept in the event the municipality fails to make required loan payments to the Authority. Such revenues will be sufficient to cover maximum future loan payments on Authority loans and any other loans subject to State intercept by a factor of at least 3 times.
3. The municipality will demonstrate that it's general obligation bond rating is rated in at least the third highest rating category by a nationally recognized rating agency.
4. The municipality will not be allowed to issue debt senior to the Authority loan, and the Authority will retain the right to approve any additional parity debt, including "subject to appropriation" debt, proposed by the municipality.
5. This Statement of Policy shall take effect immediately.

DATED this \_\_\_th day of \_\_\_\_\_ 2003.