This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 30, 2014

New Issue
Book-Entry Only
Competitive Sale: June 10, 2014
(via Parity)

Fitch Rating: AA+
Standard & Poor's Rating: AA+
(See "Ratings" herein.)

In the opinion of Bond Counsel, based on an analysis of existing statutes, regulations, rulings and court decisions, and assuming, among other things, compliance by the Bond Bank and the Governmental Units with covenants relating to certain requirements in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2014A Series Two Bonds is excludable from gross income of owners thereof for federal income tax purposes. Interest on the 2014A Series Two Bonds is not treated as a tax preference item for purposes of either the individual or corporate alternative minimum tax. However, interest on the 2014A Series Two Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein.

$42,475,000*
ALASKA MUNICIPAL BOND BANK
General Obligation Bonds, 2014 Series Two

Dated: Date of Delivery **Due: As shown on inside cover**

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing $42,475,000* principal amount of General Obligation Bonds, 2014 Series Two (the "2014 Series Two Bonds"). The 2014 Series Two Bonds initially will be issued as fully registered bonds, in book-entry only form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will serve as depository for the 2014 Series Two Bonds. Individual purchases of the 2014 Series Two Bonds will be made in principal amounts of $5,000 or integral multiples thereof within a single maturity. Purchasers of the 2014 Series Two Bonds will not receive certificates representing their beneficial ownership interests in the 2014 Series Two Bonds. Interest on the 2014 Series Two Bonds will accrue from the date of delivery of the 2014 Series Two Bonds, or from the most recent interest payment date to which interest has been paid, and is payable on each June 1 and December 1, commencing December 1, 2014.

The Bank of New York Mellon Trust Company, N.A., of San Francisco, California, as the Trustee and Paying Agent for the 2014 Series Two Bonds, will make principal and interest payments to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants. See "DESCRIPTION OF THE 2014 SERIES TWO BONDS" and "APPENDIX G – DTC AND BOOK-ENTRY SYSTEM."

The 2014 Series Two Bonds are subject to redemption prior to their stated maturity dates. See "DESCRIPTION OF THE 2014 SERIES TWO BONDS – Optional Redemption, – Mandatory Redemption."

The 2014 Series Two Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the punctual payment of the principal of and interest on the 2014 Series Two Bonds. The 2014 Series Two Bonds are equally and ratably secured by the pledge and assignment of all Municipal Bonds acquired by the Bond Bank under the Bond Bank's 2005 General Bond Resolution on a parity with other Bonds of the Bond Bank heretofore or hereafter issued under the 2005 General Bond Resolution. The 2014 Series Two Bonds are the twenty-ninth series of Bonds issued under the 2005 General Obligation Bond Resolution.

The 2014 Series Two Bonds do not constitute a debt or other liability of the State of Alaska, and the 2014 Series Two Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2014 Series Two Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2014 Series Two Bonds. The Bond Bank has no taxing power. See "SECURITY FOR THE 2014 SERIES TWO BONDS."

The 2014 Series Two Bonds will be offered when, as and if issued, subject to the approving legal opinion of Wohlforth, Brecht & Cartledge, APC of Anchorage, Alaska, Bond Counsel. Certain legal matters will be passed upon for the Governmental Units by their respective bond counsel. It is expected that the 2014 Series Two Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York, on or about June 19, 2014.

* Preliminary, subject to change.

$42,475,000*
Alaska Municipal Bond Bank
General Obligation Bonds
2014 Series Two

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Due June 1	Amount*	Interest Rate	Yield	CUSIP Number[1] 01179R	Due June 1	Amount*	Interest Rate	Yield	CUSIP Number[1] 01179R
2015	$ 210,000	%	%		2030	$1,450,000	%	%	
2016	210,000				2031	1,520,000			
2017	220,000				2032	1,595,000			
2018	960,000				2033	1,675,000			
2019	1,000,000				2034	1,765,000			
2020	975,000				2035	1,645,000			
2021	955,000				2036	1,730,000			
2022	995,000				2037	1,820,000			
2023	1,035,000				2038	1,910,000			
2024	1,075,000				2039	2,005,000			
2025	1,130,000				2040	2,075,000			
2026	1,185,000				2041	2,180,000			
2027	1,240,000				2042	2,290,000			
2028	1,310,000				2043	2,410,000			
2029	1,370,000				2044	2,535,000			

$_____ _.__% Term Bond due June 1, 20__; yield _.__%
CUSIP Number 01179R ___

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* Preliminary, subject to change.

This Official Statement is furnished by the Bond Bank to provide information regarding the sale of the 2014 Series Two Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement does not imply that information herein is correct as of any time subsequent to the date hereof. No dealer, salesman or any other person has been authorized by the Bond Bank to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such an offer, solicitation, or sale.

The information and expressions of opinion set forth in this Official Statement have been furnished by the Bond Bank and include information from other sources that the Bond Bank believes to be reliable. Neither this Official Statement nor any statement which may have been made orally is to be construed as a contract with the owners of any of the 2014 Series Two Bonds.

UPON ISSUANCE, THE 2014 SERIES TWO BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BOND BANK, WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE 2014 SERIES TWO BONDS FOR SALE. THE 2005 GENERAL BOND RESOLUTION WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

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ALASKA MUNICIPAL BOND BANK
333 Willoughby Avenue, 11th Floor
P.O. Box 110405
Juneau, Alaska 99811-0405
(907) 465-2388
http://www.revenue.state.ak.us/treasury/ambba/

Board of Directors

Mark Pfeffer - Chair
Luke Welles - Vice Chair
Gregory Gursey - Member
Susan Bell - Member
(Ted Leonard - First Delegate to Susan Bell)
Angela Rodell – Member
(Pamela Leary - First Delegate to Angela Rodell)

Executive Director

Deven J. Mitchell

Bond Counsel

Wohlforth, Brecht & Cartledge, APC
Anchorage, Alaska

Trustee

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

Municipal Advisor

Western Financial Group, LLC
Portland, Oregon

The reference above to the Bond Bank's website is contact information provided only for convenience. The reference is not a hyperlink and, by this reference, the Bond Bank's website is not incorporated into this Official Statement.

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OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS
ALASKA MUNICIPAL BOND BANK
$42,475,000* GENERAL OBLIGATION BONDS
2014 SERIES TWO

THE SALE

Bonds Offered for Sale by Competitive Bidding. The Alaska Municipal Bond Bank (the "Bond Bank") is offering for sale its $42,475,000* General Obligation Bonds, 2014 Series Two (the "2014 Series Two Bonds").

Manner of Submission of Bids. All bids for the 2014 Series Two Bonds must be submitted in their entirety on Parity ("**Parity**") pursuant to this Official Notice of Sale between 8:30 a.m. and 9:00 a.m. Pacific Time, on Tuesday, June 10, 2014; no bid will be received after the time for receiving bids specified.

No other provider of electronic bidding services and no other means of delivery (i.e. telephone, telefax, telegraph, personal delivery, etc) of bids will be accepted. **If any provision of this Official Notice of Sale conflicts with information provided by Parity, this Official Notice of Sale shall control.**

For further information about submitting a bid using **Parity**, potential bidders may contact Chip Pierce, Western Financial Group, LLC (the "Financial Advisor") at Telephone: (503) 719-6113 or **Parity** at Telephone: (212) 849-5021. Bidders electing to submit bids through **Parity** must obtain access to the **Parity** system and bear all risks associated with using that system, including errors and delays in receipt of bids.

By submitting a bid for the 2014 Series Two Bonds, a prospective bidder represents and warrants to the Bond Bank that such Bidder's bid for the purchase of the 2014 Series Two Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the 2014 Series Two Bonds.

Award of the 2014 Series Two Bonds. The Bond Bank will notify the responsible bidder complying with the terms of this Official Notice of Sale and offering to purchase the 2014 Series Two Bonds at the lowest true interest cost to the Bond Bank of the award the 2014 Series Two Bonds (or all bids will be rejected) by 2:00 p.m. Pacific Time on Tuesday, June 10, 2014. Final award to the apparent winner (or rejection of all bids) will be made within 24 hours of the bid opening.

Basis of Award. The 2014 Series Two Bonds will be awarded to the bidder whose proposal produces the lowest true interest cost. The true interest cost will be that annual interest rate, which, when compounded semiannually and used to discount all payments of principal and interest payable on the 2014 Series Two Bonds under such proposal to the date of delivery, results in an amount equal to the purchase price for the 2014 Series Two Bonds. If two or more bids provide the same lowest true interest cost, the Bond Bank shall determine, in its sole discretion, which bid shall be accepted, and such determination shall be final.

Right of Rejection. The Bond Bank reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any actions adjourning or postponing the sale of the 2014 Series Two Bonds or to take any other action that the Bond Bank may deem to be in its best interest. In the event that the Bond Bank rejects all bids, notice of a new sale date, if any, will be carried on the Amendments page of the **Parity** website.

* Preliminary, subject to change.

THE 2014 SERIES TWO BONDS

Bond Details. The 2014 Series Two Bonds will be dated the date of delivery and will bear interest from their dated date, payable on December 1, 2014, and semi-annually thereafter on June and December of each year. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. The 2014 Series Two Bonds will mature on June 1 in the years and in the principal amounts, as follows:

Year	Principal Amount*	Year	Principal Amount*
2015	210,000	2030	1,450,000
2016	210,000	2031	1,520,000
2017	220,000	2032	1,595,000
2018	960,000	2033	1,675,000
2019	1,000,000	2034	1,765,000
2020	975,000	2035	1,645,000
2021	955,000	2036	1,730,000
2022	995,000	2037	1,820,000
2023	1,035,000	2038	1,910,000
2024	1,075,000	2039	2,005,000
2025	1,130,000	2040	2,075,000
2026	1,185,000	2041	2,180,000
2027	1,240,000	2042	2,290,000
2028	1,310,000	2043	2,410,000
2029	1,370,000	2044	2,535,000

* - Preliminary, subject to change. See "Adjustment of Maturities."

Adjustment of Maturities. The Bond Bank reserves the right to adjust the principal amount of each maturity as may be necessary in order to produce level debt service on the underlying loans. The principal amount of any maturity of the 2014 Series Two Bonds shall only be adjusted in increments of $5,000. Notice of any adjustment shall be provided within two hours of the time at which bids are opened through Parity. The Bond Bank will attempt to maintain the underwriter compensation as a percentage of the final par amount of the bonds when adjusting the maturities. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices as a result of any changes made to the revised amounts within these limits.

Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption. Bidders have the option of specifying in their bid proposal that all of the principal amount of the 2014 Series Two Bonds scheduled in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or more maturities of the 2014 Series Two Bonds (the "Term Bonds") scheduled to mature in the latest year of each such combination. The Term Bonds so specified by the bidder shall be subject to mandatory sinking fund redemption at par in the principal amounts in each year during the combined period of such Term Bonds, which would otherwise have been scheduled to mature in such years. If no Term Bonds are designated in the successful bid, the Bonds will mature serially without Term Bonds.

Immobilization of the 2014 Series Two Bonds. The 2014 Series Two Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") as registered owner of the 2014 Series Two Bonds, and immobilized in the custody of DTC which will act as securities depository for the 2014 Series Two Bonds. A book-entry system will be employed by DTC evidencing ownership of the 2014 Series Two Bonds in principal amounts of $5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC.

Principal of and interest on the 2014 Series Two Bonds will be payable at maturity to DTC or its nominee as registered owner of the 2014 Series Two Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and persons acting through such participants (the "Participants"), and other nominees of beneficial owners. The Bond Bank will not be responsible or liable for maintaining, supervising or

reviewing the records maintained by DTC, the payment by DTC or a Participant of principal of or interest on the 2014 Series Two Bonds, any notice to bondholders or any consent given or other action taken by DTC as the registered owner of the 2014 Series Two Bonds.

Optional Redemption. The 2014 Series Two Bonds maturing on or after June 1, 2025, are subject to redemption at the option of the Bond Bank in whole or in part on any date on or after June 1, 2024, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

Security for the 2014 Series Two Bonds. The 2014 Series Two Bonds are general obligations of the Bond Bank payable only from revenues or funds of the Bond Bank. The Bond Bank has no taxing power. The State of Alaska is not liable for payment on the 2014 Series Two Bonds, and such 2014 Series Two Bonds are not a debt of the State of Alaska. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for payment of the 2014 Series Two Bonds.

The security for the 2014 Series Two Bonds is described in the Preliminary Official Statement and the 2005 General Bond Resolution and Series Resolution, and those documents should be consulted for a complete description of the security for the 2014 Series Two Bonds.

Bond Insurance At Bidder's Option And Expense. Bidders may elect to insure the 2014 Series Two Bonds at the bidders' risk and expense. The Trustee will only enter into agreements to comply with the administrative requirements of the bond insurer; **the Bond Bank will not amend the general bond resolution, series resolution or the loan agreements**. The Bond Bank will pay the fee for a rating from Standard & Poor's Ratings Services and Fitch Ratings, regardless of whether the 2014 Series Two Bonds are insured. Failure of a bond insurer to provide insurance for the 2014 Series Two Bonds will not release the successful bidder from its obligation to purchase the 2014 Series Two Bonds. If the Bond Bank selects a bid that is based on providing insurance on the 2014 Series Two Bonds, then the Official Statement and other documents relating to the 2014 Series Two Bonds will be amended accordingly. However, no additional security beyond that described in the Preliminary Official Statement will be allowed.

Interest Rates and Bid Price. The 2014 Series Two Bonds will be sold in one block on an "all or none" basis, and **at a price of not less than one hundred percent (100%) of the principal amount of the 2014 Series Two Bonds**. **No serial or term bond maturity may bear a price of less than ninety-seven (97%).** Bidders must specify the rate(s) of interest to be borne by the 2014 Series Two Bonds, provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-twentieth (1/20) of one percent (1%). The highest interest rate bid may not exceed 5.00%. No limitation is imposed upon bidders as to the number of rates which may be used, except that all 2014 Series Two Bonds of one maturity must bear one and the same interest rate. **The bidding is permitted either with or without bond insurance at the discretion of the bidder. In either event, the winning bid will be selected on the basis of the true interest cost to the Bond Bank, and in all cases the insurance premium will be paid by the bidder.**

Good Faith Deposit. The successful bidder will be required to provide a good faith deposit in the amount of **Four Hundred Twenty-Four Thousand Seven Hundred and Fifty Dollars ($424,750.00)** in immediately available funds wired to the Bond Bank's Trustee not later than 2:00 p.m. (Prevailing Pacific Time) on June 10, 2014. Wire information will be provided to the successful bidder by the Financial Advisor upon bid award.

The Good Faith Deposit will be held by the Bond Bank to ensure the successful bidder's compliance with the terms of its bid and the Official Notice of Sale and Bidding Instructions, and will be applied to the purchase price on the date of delivery of the 2014 Series Two Bonds. Pending delivery of the 2014 Series Two Bonds, the good faith deposit may be invested for the sole benefit of the Bond Bank. In the event the successful bidder should fail or refuse to pay for the 2014 Series Two Bonds in accordance with its bid, then said amount shall be accepted by the Bond Bank as full and complete liquidated damages.

Postponement. The Bond Bank reserves the right to postpone the sale and to set a new time for the sale either separately or at one time. Postponement may be effected by 8:00 a.m. Pacific Time on June 10, 2014 by a Statement of Postponement carried on the Amendments page of **Parity** (the "Statement of Postponement"). At the same time or within 48 hours following the Statement of Postponement the Bond Bank may reset a new time for the sale. The reset sale notice may state different terms and conditions of sale and may refer to this notice for any or all terms of sale. All

bidders will be deemed to have assented to the above conditions by submitting a bid, and lack of actual notice of the postponement or of the reset terms of sale will not be considered.

Delivery. It is expected that the 2014 Series Two Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York on or about June 19, 2014, and closing will take place on the same date in Seattle, Washington or at another location specified by the Bond Bank. The successful bidder will be required to provide the Bond Bank by 10:00 a.m. Pacific Time on June 10, 2014 with information as to the initial offering price of the 2014 Series Two Bonds to the public (excluding bond-houses and brokers) at which a substantial amount of the 2014 Series Two Bonds were sold and the insurance premium (if purchased by the bidder). Such information must be confirmed with a certificate, dated the date of closing of the 2014 Series Two Bonds, in form and substance satisfactory to Bond Counsel, **showing that at least 10% of each maturity of the 2014 Series Two Bonds was sold, or were reasonably expected to be sold, to the public at initial public offering prices not exceeding the prices of the 2014 Series Two Bonds set forth in the initial statement of such prices.**

There will be furnished to the successful bidder without cost, the executed 2014 Series Two Bonds to be delivered to DTC or its agent and the usual closing documents dated as of the date of delivery of and payment for the 2014 Series Two Bonds, including a certificate that there is no litigation pending or threatened affecting the validity of the 2014 Series Two Bonds.

The Bond Bank will confirm to the successful bidder, by a certificate signed on its behalf by the Executive Director or Chair and delivered at the closing, that at the time of the acceptance of the bid, and at the time of the closing, insofar as the Bond Bank and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Payment. The successful bidder shall make full payment of the purchase price of the 2014 Series Two Bonds to the Bond Bank at the time of delivery in Federal Funds or other immediately available funds without cost to the Bond Bank.

Tax-Exempt Status. The opinion of Wohlforth, Brecht & Cartledge of Anchorage, Alaska, will state that, based on an analysis of existing statutes, regulations, published rulings and judicial decisions, and assuming, among other things, compliance by the Bond Bank and the Governmental Units with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2014 Series Two Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2014 Series Two Bonds is taken into account in the computation of adjusted current earnings for purposes of the federal corporate alternative minimum tax. For further information as to tax exemption, please refer to the Preliminary Official Statement.

Legal Opinion. The opinion of Wohlforth, Brecht & Cartledge of Anchorage, Alaska, approving the validity of the 2014 Series Two Bonds, will be furnished upon delivery of the 2014 Series Two Bonds.

CUSIP Numbers. CUSIP identification numbers will be printed on the 2014 Series Two Bonds, but neither the failure to print such number on any 2014 Series Two Bonds nor any error with respect thereto shall constitute cause for the successful bidder to fail or refuse to accept delivery of and pay for the 2014 Series Two Bonds. No liability shall attach to the Bond Bank or any officer or agent thereof, including any paying agent or registrar for the 2014 Series Two Bonds, by reason of such number or by reason of any inaccuracy, error, or omission with respect thereto.

Continuing Disclosure Undertaking. The Bond Bank covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the Bond Bank for the benefit of the beneficial owners of the 2014 Series Two Bonds on or before the date of delivery of the 2014 Series Two Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Bond Bank will undertake to provide certain annual financial information, and the Bond Bank will undertake to provide notices of certain events with respect to the 2014 Series Two Bonds. A description of these undertakings is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

Modification. The Bond Bank reserves the right to modify any term of this Official Notice of Sale, or the Preliminary Official Statement by notice on the Amendments Page of **Parity** no later than 5:00 p.m., Eastern Standard Time, on June 9, 2014 (or, in the event of a postponement in accordance herewith, the day prior to the reset bid date).

Additional Information. Additional information and a Preliminary Official Statement relating to the 2014 Series Two Bonds and an Official Bid Form for the 2014 Series Two Bonds may be obtained from Chip Pierce, Western Financial Group, LLC, 3300 NW 185th Ave., #270, Portland, Oregon 97229, (503) 719-6113 or from Deven J. Mitchell, Alaska Municipal Bond Bank, 333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811, (907) 465-3750.

The Preliminary Official Statement, referred to above, as of its dated date is "deemed final" by the Bond Bank for purposes of SEC Rule 15c2-12(b)(1) but is subject to revision, amendment and completion in the form of a final Official Statement.

By awarding the 2014 Series Two Bonds to any underwriter or underwriting syndicate submitting a bid, the Bond Bank agrees that within seven (7) business days after the date of such award it shall provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 100 copies of the final Official Statement will be furnished without cost.

The Bond Bank designates the senior managing underwriter of the syndicate to which the 2014 Series Two Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the 2014 Series Two Bonds agrees thereby that if its bid is accepted by the Bond Bank, (i) it shall accept such designation, (ii) it will enter into a contractual relationship with all participating underwriters of the 2014 Series Two Bonds for purposes of assuring the receipt by each such participating underwriter of the final Official Statement, and (iii) it agrees to file, or cause to be filed, within one business day following the receipt from the Bond Bank, the final Official Statement with a the Municipal Securities Rulemaking Board.

DATED: May 30, 2014

ALASKA MUNICIPAL BOND BANK

By_____

DEVEN J. MITCHELL
Executive Director

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OFFICIAL STATEMENT

$42,475,000*
ALASKA MUNICIPAL BOND BANK
GENERAL OBLIGATION BONDS
2014 SERIES TWO

INTRODUCTION

This Official Statement is furnished by the Alaska Municipal Bond Bank (the "Bond Bank") to provide information regarding the Bond Bank in connection with the sale of its $42,475,000* principal amount of General Obligation Bonds, 2014 Series Two (the "2014 Series Two Bonds"). The Bond Bank was created pursuant to Alaska Statutes 44.85.005 – 44.85.420, as amended (the "Act"), for the primary purpose of lending money to Governmental Units in the State of Alaska (the "State") including the purchase of Municipal Bonds issued by such Governmental Units. Certain capitalized terms used in this Official Statement, and not otherwise defined herein, are defined under "DEFINITIONS."

All references herein to agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2014 Series Two Bonds are further qualified by reference to the information with respect thereto contained in the 2005 General Obligation Bond Resolution, adopted by the Board of Directors of the Bond Bank on July 13, 2005, as amended on August 19, 2009 (the "2005 General Bond Resolution"), and Series Resolution No. 2014-02 adopted by the Board of Directors of the Bond Bank on May 7, 2014 (the "Series Resolution," and together with the 2005 General Bond Resolution, the "Bond Resolution"). All bonds which are issued under and pursuant to the terms of the 2005 General Bond Resolution are hereafter referred to as the "Bonds." Any statements or information which include matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

Appendix D contains financial, economic and demographic summary information relating to the Governmental Units whose Municipal Bonds represent 10 percent or more of the Loan Obligations outstanding under the 2005 General Bond Resolution.

PURPOSE OF THE 2014 SERIES TWO BONDS

Authorization and Purpose

The 2014 Series Two Bonds are being issued pursuant to the terms of the Bond Resolution, and are the twenty-ninth series of Bonds issued under the 2005 General Bond Resolution.

The 2014 Series Two Bond proceeds are being used for the following purposes: (i) to make three loans to Governmental Units; and (ii) to pay a portion of the costs of issuance of the 2014 Series Two Bonds. A portion of the proceeds of the 2014 Series Two Bonds will be loaned: (a) to the City of Ketchikan to finance alterations of and expansion to the Ketchikan Medical Center; (b) to the City of Ketchikan to finance the construction and installation of two replacement floats for the City's mooring facilities at Bar Harbor South; and (c) to the City of King Cove to finance improvements to the City's electric system, to refinance a loan from the United States Department of Agriculture and to finance a debt service reserve for the City's electric revenue bond.

* Preliminary, subject to change.

The table below presents the sources and uses of funds related to the 2014 Series Two Bonds.

Sources of Funds:	
Par Amount of 2014 Series Two Bonds	$
Net Original Issue Premium	
Alaska Municipal Bond Bank Contribution	_____.
Total Sources of Funds	$
Uses of Funds:	
Loans to the City of Ketchikan	
Loan to the City of King Cove	
Deposit to the Bond Bank Reserve Fund	
Costs of Issuance[1]	
Underwriter's Discount	_____.
Total Uses of Funds	$

(1) Includes Governmental Units costs of issuance.

DESCRIPTION OF THE 2014 SERIES TWO BONDS

General Description

The 2014 Series Two Bonds are issuable only as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as securities depository for the 2014 Series Two Bonds. Principal of and interest on the 2014 Series Two Bonds are payable by The Bank of New York Mellon Trust Company, N.A., of San Francisco, California, as Trustee under the 2005 General Bond Resolution, to DTC which, in turn, is obligated to disburse such principal and interest payments to its participants (the "DTC Participants") in accordance with DTC procedures. See "Appendix G – DTC and Book-Entry System."

2014 Series Two Bonds

The 2014 Series Two Bonds mature on the dates and bear interest at the rates set forth on the inside cover page of this Official Statement. The 2014 Series Two Bonds are issuable in denominations of $5,000 or any integral multiple thereof within a single maturity, are dated as of the date of delivery and bear interest from their date payable on December 1, 2014, and semiannually thereafter on each June 1 and December 1 to their date of maturity or prior redemption, whichever may occur first.

Optional Redemption

The 2014 Series Two Bonds maturing on or after June 1, 2025, are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after June 1, 2024, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption. The Governmental Units may prepay their loans on terms identical to the optional redemption provisions associated with the 2014 Series Two Bonds.

Mandatory Redemption

The 2014 Series Two Bonds maturing on June 1, 20__, are subject to mandatory sinking fund redemption on June 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

Date	Principal Amount
June 1, 20__	$
June 1, 20__*	

* Maturity

Notice of Redemption

At least 30 days, but not more than 60 days, prior to the date upon which any 2014 Series Two Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2014 Series Two Bond all or a portion of which is to be redeemed, at the owner's last address appearing on the registration books of the Bond Bank kept by the Trustee. When all of the 2014 Series Two Bonds are held under the DTC book-entry system, such notice will be sent to DTC, and any notice to the beneficial owners of the 2014 Series Two Bonds will be the responsibility of DTC Participants. Neither the Bond Bank nor the Trustee will provide redemption notices to the beneficial owners.

Selection of 2014 Series Two Bonds for Redemption

If fewer than all of the 2014 Series Two Bonds are to be redeemed prior to maturity, the Bond Bank may select the maturity or maturities to be redeemed at the option of the Bond Bank. If, at the time notice of redemption is given the 2014 Series Two Bonds are in book-entry form, then DTC will select the 2014 Series Two Bonds for redemption within a maturity in accordance with the Letter of Representations. The 2005 General Bond Resolution provides that if less than all of the Bonds of any one maturity of a Series are called for redemption and the Bonds are not in book-entry form, the Bonds to be redeemed are to be selected by lot by the Trustee or in any manner as the Trustee, in its sole discretion, may deem appropriate and fair. See "Appendix G – DTC and Book-Entry System."

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SECURITY FOR THE 2014 SERIES TWO BONDS

General

The 2014 Series Two Bonds constitute general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged to the payment of the principal of and interest on the 2014 Series Two Bonds. **The 2014 Series Two Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2014 Series Two Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2014 Series Two Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2014 Series Two Bonds. The Bond Bank has no taxing power.**

As of June 1, 2014, not taking into account the issuance of the 2014 Series Two Bonds, the Bond Bank has outstanding $53,325,000 of general obligation bonds issued under its 1976 General Bond Resolution, $815,935,000 of Bonds issued under its 2005 General Bond Resolution and $4,435,000 of general obligation bonds issued under its 2010 Municipal Obligation Bond Resolution.

As additional security for payment of principal of and interest on the 2014 Series Two Bonds and other Bonds issued under the 2005 General Bond Resolution, the Bond Bank has established a common Reserve Fund. See "SECURITY FOR THE 2014 SERIES TWO BONDS – 2005 General Bond Resolution Reserve Fund." The Act provides that in order to ensure the maintenance of the Reserve Fund Requirement, the Chair of the Bond Bank is annually required (before each January 30) to make and deliver to the Governor and to the State Legislature a certificate stating the amount, if any, required to restore the Reserve Fund to the amount of the Reserve Fund Requirement. Money received by the Bond Bank from the State pursuant to such certification will, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Reserve Fund Requirement, be deposited in the Reserve Fund. The State Legislature is legally authorized, but not legally obligated, to appropriate such sums during the then current State fiscal year. This provision of the Act does not create a debt obligation on behalf of the State or a legally enforceable obligation of the State.

Beginning in 2009, and continuing through the current fiscal year 2014, the Bond Bank has been obligated to seek and has obtained a standing appropriation within the State's annual operating budget to replenish the Reserve Fund, if necessary. No such replenishment from State appropriation has been necessary. If the Bond Bank must draw on the Reserve Fund because of a default by a Governmental Unit, an amount equal to the amount drawn from the Reserve Fund is appropriated from the State's General Fund to the Reserve Fund. There is no guarantee that the Bond Bank will be able to secure future standing appropriations within the State's operating budget for replenishment of the Reserve Fund.

Pledge Effected by the 2005 General Bond Resolution

Pursuant to the 2005 General Bond Resolution, all Municipal Bonds, all Municipal Bonds Payments, the investments thereof and the proceeds of such investments, and all funds and accounts established by the 2005 General Bond Resolution, are pledged and assigned to the Trustee, equally and ratably, to secure the payment of the principal of, redemption premium, if any, and interest on all Bonds, subject only to the provisions of the 2005 General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions specified in the 2005 General Bond Resolution.

The Act and the 2005 General Bond Resolution provide among other things that (i) any pledge made in respect of the Bonds will be valid and binding from the time the pledge is made, (ii) the Municipal Bonds, the Municipal Bonds Payments and all other money and securities so pledged and thereafter received by the Bond Bank immediately will be subject to the lien of such pledge without any further act, and (iii) the lien of any such pledge will be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the Bond Bank irrespective of whether the parties have notice.

Municipal Bonds

Under the provisions of the Act and the 2005 General Bond Resolution, the Bond Bank can purchase Municipal Bonds from any Governmental Unit. The 2005 General Bond Resolution defines Municipal Bonds as "general obligation bonds, revenue bonds, notes or other evidences of debt issued by any Governmental Unit as now or hereafter defined in the Act which have heretofore been or will hereafter be acquired by the Bond Bank as evidence of a Loan to the Governmental Unit pursuant to the Act."

For each issue of Municipal Bonds that the Bond Bank purchases, the Bond Bank will obtain a bond counsel's opinion stating that (a) such Municipal Bonds are valid debt obligations of such Governmental Unit as required by the Act and (b) a Loan Agreement has been duly authorized and executed between the Bond Bank and the Governmental Unit that constitutes a valid and binding obligation of the Governmental Unit.

Each Loan Agreement obligates a Governmental Unit to (a) make interest payments on its Municipal Bond sufficient in amount and at such times to provide the Bond Bank funds to meet interest payments on its Loan Obligations as they become due; and (b) make principal payments on its Municipal Bond sufficient in amount and at such times to provide the Bond Bank funds to meet principal payments on its Loan Obligations as they become due. Pursuant to the Loan Agreement, the Governmental Unit may be required to pay fees and charges to the Bond Bank to meet the Governmental Unit's allocable portion of certain expenses. Each Loan Agreement also contains restrictions on the sale or redemption of Municipal Bonds.

2005 General Bond Resolution Reserve Fund

The 2005 General Bond Resolution established the Reserve Fund to be held by the Trustee and maintained at an amount equal to the Reserve Fund Requirement. The Reserve Fund Requirement is equal to the least of the following: (i) 10% of the initial principal amount of each Series of Bonds then Outstanding; (ii) Maximum Annual Debt Service with respect to all Bonds Outstanding; (iii) 125% of Average Annual Debt Service on all Bonds Outstanding; or (iv) such lower amount as may be required by law. See "DEFINITIONS – Required Debt Service Reserve." The Reserve Fund has been funded with Bond proceeds and cash deposits from the Bond Bank. The Reserve Fund does not contain any surety policies or other forms of liquidity facility. The Reserve Fund Requirement may, however, be satisfied entirely, or in part, by a letter of credit, line of credit, credit facility, surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds. As of March 31, 2014, the amortized valuation was approximately $45.2 million (unaudited), an amount sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately 63% of the assets in the Reserve Fund were funded from cash deposits by the Bond Bank from the Custodian Fund.

The 2005 General Bond Resolution requires the Bond Bank to annually submit to the State a budget request for an appropriation to replenish the reserve to the Reserve Fund Requirement in the event that there is a deficiency as a result of a default by borrower. Since 2009, and continuing through fiscal year 2014, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary. The 28th Alaska Legislature passed the State's annual operating budget (for fiscal year 2015) which includes a standing appropriation to replenish the Bond Bank's Reserve Fund for fiscal year 2015. This line item in the operating budget is expected to become effective on July 1, 2014. While the Bond Bank has been obligated to seek and has obtained such a standing appropriation within the State's annual operating budget, the State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. This credit feature is in addition to the moral obligation feature discussed below.

On or before December 31 of each year, and subject to the requirements of the 2005 General Bond Resolution, the Trustee will transfer from the Reserve Fund any amounts remaining in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to investments thereof to the Operating Fund, but only to the extent that there remains after such transfer an amount in the Reserve Fund equal

to the Required Debt Service Reserve. See "SUMMARY OF THE 2005 GENERAL BOND RESOLUTION – Funds and Accounts – Reserve Fund."

Moral Obligation. The Bond Bank is required to deliver a statement to the Governor and the State Legislature annually, before January 30, stating the amount, if any, necessary to restore the Reserve Fund to the Required Debt Service Reserve resulting from a draw on the Reserve Fund at any time during the prior year. The State Legislature may, but is under no legal obligation to, appropriate money sufficient to restore the Reserve Fund to the Required Debt Service Reserve. The Bond Bank has never reported a deficiency in any of the reserve funds held by the Bond Bank.

Custodian Account. Money not held by the Trustee in the Reserve Fund or in reserves for bonds issued under other bond resolutions is maintained by the Bond Bank in an account herein referred to as the Custodian Account (the "Custodian Account"). The Custodian Account contains direct and indirect State appropriations, prior year retained earnings not subject to the statutory annual earnings transfer, and current year investment earnings. As of June 30, 2013, the Custodian Account cash and cash equivalents and investments at fair value balance (audited) totaled $23,365,797. As of April 30, 2014 the Custodian Account market value balance (unaudited) was $21,256,054.

The Act requires that earnings on funds directly appropriated by the State to the Bond Bank be transferred to the State in the following fiscal year. However, starting in fiscal year 2009, and continuing through fiscal year 2014, and including the legislatively approved, but not yet signed by the Governor fiscal year 2015, all fiscal year earnings due to the State's general fund by statute have been appropriated to the Bond Bank's custodian account. The State Legislature may, but is under no legal obligation to, appropriate statutory earnings back to the Bond Bank. The entire Custodian Account balance is available for appropriation, at any time, by the State Legislature.

State Payments

The Act provides that any department or agency of the State, after notice from the Bond Bank that a Governmental Unit is in default on the payment of the principal of or interest on its Municipal Bonds then held or owned by the Bond Bank, will withhold the payment of money held by it and payable to such Governmental Unit and pay over such money to the Bond Bank for the purpose of paying principal of and interest on the bonds of the Bond Bank. State payments to Governmental Units include payments through the School Debt Reimbursement Program and Education Support Funding through the Department of Education and Early Development; and community jail funding through the Department of Corrections. A table appears in Appendix B that presents the amount of State payments to communities that have borrowed from the Bond Bank as well as the maximum annual loan payments and associated estimated coverage provided by those State payments. There is no guarantee that State payments will continue or remain at the current levels.

The payment and amount of such State payments is uncertain, and Legislative authorization for such payments is subject to appropriation and amendment or repeal. See "APPENDIX B – STATE PAYMENTS TO GOVERNMENTAL UNITS." The Bond Bank has never implemented the State payment intercept remedy.

Pledge of the State

Pursuant to the Act, the State has pledged and agreed with the holders of the Bonds that it will not limit or restrict the rights vested in the Bond Bank by the Act to, among other things, purchase, hold and dispose of Municipal Bonds and fulfill the terms of an agreement (including the 2005 General Bond Resolution) made by the Bond Bank with such holders, or in any way impair the rights or remedies of such holders until the Bonds, including interest on the Bonds and interest on unpaid installments of interest and all costs and expenses in connection with an action or proceeding by or on behalf of such holders, are fully met, paid and discharged.

THE ALASKA MUNICIPAL BOND BANK

Organization

The powers of the Bond Bank are vested in the Directors. The membership of the Bond Bank consists of five Directors: the Commissioners of the Department of Revenue and the Department of Commerce, Community and Economic Development of the State and three Directors appointed by the Governor. The three appointees serve four-year staggered terms and must be qualified voting residents of the State. The Commissioners of the Department of Revenue and the Department of Commerce, Community and Economic Development may appoint delegates to the Bond Bank Board of Directors to serve in their absence.

The Directors elect one of their members as chair and one of their members as vice-chair and also elect a secretary and treasurer who need not be Directors. Action may be taken and motions and resolutions adopted by the Bond Bank at any meeting by the affirmative vote of at least three Directors. The Directors appoint an Executive Director to manage the business of the Bond Bank.

Board of Directors

The Bond Bank's Board of Directors includes members listed below.

Mark Pfeffer - Chair. Term expires July 15, 2017. Mr. Pfeffer was originally appointed to the Board on October 10, 2001. Mr. Pfeffer is a registered architect who owns an architectural practice in Anchorage, Alaska. He is active in the development, design and management of commercial real estate projects, many of which include public/private partnerships. He is President of Pfeffer Development, LLC. Mr. Pfeffer received a Bachelor of Architecture Degree from the University of Nebraska in 1980.

Luke Welles - Vice-Chair. Term expires July 15, 2015. Mr. Welles was originally appointed to the Board on May 21, 2008. Mr. Welles became Vice President of Finance of the Arctic Slope Native Association, Ltd in March 2011. Prior to his current job he served as Chief Financial Officer of LifeMed Alaska, LLC, which provides medivac services in Alaska. Previously, Mr. Welles was the Chief Financial Officer for the Yukon Kuskokwim Healthcare Corporation which administers healthcare in 52 rural communities including a hospital located in Bethel, Alaska. He has management experience in healthcare, civil construction and commercial real estate. Over the past 15 years he has served on several economic development commissions in the State, as a city council member in Homer, Alaska and on multiple boards. Mr. Welles received a Bachelor of Arts Degree in Foreign Service and International Business from Baylor University in 1989.

Gregory Gursey - Member. Term expires July 15, 2014. Mr. Gursey was appointed to the Board on June 22, 2009. Mr. Gursey became President of Benefit Brokers, Inc. in 2001, after working as Vice President of Investments for Wedbush Morgan Securities for 11 years. Mr. Gursey also serves as a FINRA industry arbitrator in both civil and industry arbitration cases. After graduating from the University of Alaska Anchorage with a degree in finance, Mr. Gursey became involved with the University of Alaska Foundation. He served as the first Chairman of the UAA College of Fellows, served as a Trustee to the UA Foundation, and was a member of the Investment Committee to the UA Foundation. Mr. Gursey has served on both the State of Alaska Dental Examiner's Board and the U.S. Treasury Department's Taxpayer Advocacy Panel. He served on the Investment Commission for the Municipality of Anchorage and several other local boards.

Ted Leonard - Member. Mr. Leonard is the first delegate for Susan Bell, Commissioner of the Department of Commerce, Community and Economic Development. Mr. Leonard was appointed Executive Director of the Alaska Industrial Development and Export Authority (AIDEA) on May 19, 2008. He was most recently the Deputy Commissioner of the Department of Commerce, Community and Economic Development. In the Deputy Commissioner capacity, he oversaw the regulatory divisions of the department which included the Division of Insurance, the Division of Banking and Securities, and the Division of Corporations, Business and

Professional Licensing. He served as the Commissioner's designee on the boards of the Alaska Housing Finance Corporation, Alaska Aerospace Development Corporation, and Alaska Community Service Commission. Mr. Leonard has worked for the last 19 years in both the government and private sector in the areas of finance and accounting in Alaska including the Mat-Su and Lower Kuskokwim School Districts as well as the City of Dillingham. He also served as the Director of Finance and Administrative Services for the City of Wasilla. He received his undergraduate degree from the College of Idaho and a Masters of Management from Willamette University. He is a Certified Management Accountant and Senior Professional in Human Resources.

Pamela Leary - Member. Ms. Leary is the first delegate for Angela Rodell, Commissioner of the Department of Revenue. She is the Director of Treasury Division in the Department of Revenue and acts as the State Treasurer. She previously served in the Department as State Comptroller from 2007 through 2013. Ms. Leary began her career as an auditor with Price Waterhouse and became a partner in the firm PricewaterhouseCoopers. After moving to Alaska, Leary owned and operated a business before reentering the accounting profession with the Alaska Permanent Fund Corporation. She holds a bachelor's degree in economics from the Wharton School, University of Pennsylvania, and is a certified public accountant in the State of Alaska.

Management

Deven J. Mitchell, who also serves as State Debt Manager and Investment Officer in the Department of Revenue – Division of Treasury, was appointed Executive Director of the Bond Bank in 1999. Mr. Mitchell has worked for the State Department of Revenue since 1992. He previously held several positions in Alaska financial institutions. Mr. Mitchell holds a Bachelor of Science Degree in Business Administration from Northern Arizona University.

Rather than employ staff, the Bond Bank contracts in the private sector for a wide range of professional services. The Executive Director coordinates the activities of these professionals, which include bond counsel, financial advisor, accountants, auditors, fund trustees, bond trustees and investment managers.

Future Financing Plans

The Bond Bank anticipates issuing additional bonds pursuant to its 2005 General Bond Resolution or other bond resolutions within the next 12 months. The principal amount of such additional bonds depends on the number and size of the applications for Bond Bank financing from Governmental Units.

The total amount of Bond Bank bonds and notes outstanding at any one time may not exceed $1 billion. Senate Bill 218 was approved in the 2014 Legislative Session, but has not yet been signed by the Governor, that would increase the borrowing limit of the Bond Bank to $1.5 billion. (See "2014 Legislation" herein.) As of June 1, 2014, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2014 Series Two Bonds, was $888,556,329.

Debt Payment Record

The Bond Bank has always made principal and interest payments on its general obligation and revenue bonds when due. No deficiencies have arisen in any Bond Bank debt service fund or reserve fund, nor has there been a need to exercise the provision requiring that State payments to Governmental Units be paid to the Bond Bank.

BONDS OUTSTANDING

Under the provisions of the Act, the Bond Bank can issue additional series of Bonds under its 2005 General Bond Resolution or issue bonds under other resolutions. The Bond Bank currently has bonds outstanding under the following resolutions:

1976 General Bond Resolution

As of June 1, 2014, the Bond Bank has issued $721,985,000 of general obligation bonds under the 1976 General Bond Resolution, $53,325,000 of which remain outstanding.

2005 General Bond Resolution

The 2014 Series Two Bonds are the twenty-ninth issue of Bonds under the 2005 General Bond Resolution. As of June 1, 2014, the Bond Bank has issued $925,510,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2014 Series Two Bonds), $815,935,000 of which remains outstanding.

2010 Municipal Obligation Bond Resolution

On November 2, 2010, the Bond Bank's Board of Directors approved the 2010 Municipal Obligation Bond Resolution (the "2010 Resolution"). Bonds issued pursuant to the terms of the 2010 Resolution are general obligation bonds, equally and ratably secured by a pledge and assignment of all obligations acquired by the Bond Bank under the 2010 Resolution. As of June 1, 2014, the Bond Bank has issued $4,765,000 of general obligation bonds under the 2010 Resolution, $4,435,000 of which remains outstanding.

Revenue Bond Resolutions

The Authority (with respect to the issuance of revenue bonds the Bond Bank is referred to as the Authority) has issued revenue bonds under stand-alone revenue bond resolutions. The proceeds of these revenue bonds are applied toward the purchase of revenue bonds issued by municipal borrowers. A list of the outstanding revenue bond resolutions, amount of bonds outstanding and obligated municipal borrowers appears in the table titled "TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF JUNE 1, 2014" herein.

Coastal Energy Impact Program

The Bond Bank issued bonds to provide loans to local governments that qualified for aid under the Coastal Energy Impact Program ("CEIP"). CEIP is a federal program designed to provide financial assistance to coastal states and municipalities facing impacts from offshore oil development. The United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") and the Bond Bank entered into an agreement whereby the Bond Bank was the direct lending agency for the CEIP in the State, with $50 million available to make loans to local governments or to establish reserves for loans to local governments.

The Bond Bank issued CEIP bonds, the proceeds of which were used to purchase bonds issued by the Kenai Peninsula Borough, the City of Seward, the City of Nome and the City of St. Paul. The total amount of CEIP bonds outstanding as of April 30, 2014, under the Coastal Energy Impact Loan Program was $10,476,329, consisting of loans to the City of St. Paul and the City of Nome.

The CEIP loans are administered directly by NOAA without involvement of the Bond Bank. Bonds issued for the CEIP are not secured by a pledge of any amounts held by or payable to the Bond Bank under the 2005 General Bond Resolution, including the Reserve Fund, nor are they secured directly or indirectly by any reserve account created under the Act.

Direct Loans

The Bond Bank has purchased certain bond anticipation notes and defeased certain Bond Bank bonds with money from the Custodian Account while retaining underlying communities' bonds.

As of June 1, 2014, the Bond Bank holds $1,523,610 of City of Galena Utility Revenue Bonds and $165,799 of City of Galena appropriation obligations in its financial portfolio. The loans to the City of Galena are the result of Legislative appropriation to the Bond Bank specifically for this purpose.

Loans from the State of Alaska

The Bond Bank has the statutory authority to borrow funds from the State of Alaska's general fund at the discretion of the Commissioner or the Department of Revenue. In November 2010 and August 2011 the Bond Bank borrowed $6.0 million and $7.0 million, respectively from the State for authorized uses of the Bond Bank. The State of Alaska's fiscal year 2013 capital budget converted the 2010 and 2011 loans to grants through a $13.2 million appropriation to the Bond Bank that was effective April 15, 2012. This amount reflected the original loan amounts plus interest accrued on those loans. The Bond Bank does not have any outstanding loans from the State at this time.

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TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF JUNE 1, 2014

			Original Amount Issued	Amount Outstanding
I.	Total 2005 General Bond Resolution G.O. Bonds[1]		$967,785,000 [1]	$858,410,000 [1]
II.	Total 1976 General Bond Resolution G.O. Bonds		721,985,000	53,325,000
III.	Total 2010 Resolution G.O. Bonds		4,765,000	4,435,000
IV.	Revenue Bonds	Municipal Borrower		
	2004B Resolution	Municipality of Anchorage	5,365,000	4,385,000
V.	Coastal Energy Impact Loan Program		35,456,046	10,581,495

REMAINING DEBT CAPACITY AFTER THE ISSUANCE OF THE 2014 SERIES TWO BONDS

Debt Limit (Section 44.85.180 of the Act)		$1,000,000,000 [2] [3]
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	$53,325,000	
2010 Resolution	4,435,000	
2005 General Bond Resolution	858,410,000 [1]	$916,170,000 [1]
Revenue Bonds		4,385,000
Coastal Energy Loan Program		10,476,329
Total Outstanding Debt		$931,031,329 [1]
Remaining Debt Capacity		$68,968,671 [1]

(1) Includes the 2014 Series Two Bonds. Preliminary, subject to change.
(2) The limit applies to all outstanding bonds or notes issued by the Bond Bank.
(3) See, "2014 Legislation" herein.

DEBT SERVICE REQUIREMENTS OF OUTSTANDING 2005 GENERAL BOND RESOLUTION GENERAL OBLIGATION BONDS AND THE 2014 SERIES TWO BONDS[1]
(Fiscal Years Ending June 30)

Fiscal Year	Existing Debt Service	2014 Series Two Principal	2014 Series Two Interest	Total Debt Service
2015	81,368,131	$	$	$
2016	82,135,980			
2017	80,160,503			
2018	81,798,108			
2019	77,823,536			
2020	73,829,965			
2021	70,698,158			
2022	67,589,400			
2023	69,488,415			
2024	62,887,864			
2025	53,170,873			
2026	48,548,984			
2027	46,793,303			
2028	47,620,687			
2029	42,856,345			
2030	34,487,821			
2031	33,506,812			
2032	28,608,348			
2033	28,098,153			
2034	20,207,747			
2035	13,440,160			
2036	13,448,281			
2037	9,102,702			
2038	8,822,960			
2039	7,208,453			
2040	5,427,750			
2041	5,428,250			
2042	5,429,750			
2043	5,431,500			
2044	5,433,250			
2045	5,429,500			
2046	5,429,750			
2047	5,428,500			
2048	2,155,000			
2049	2,152,500			
	$1,231,447,439	$	$	$

(1) Totals may not foot due to rounding. The 2014 Series Two Bonds are the twenty-ninth Series of Bonds issued under the 2005 General Bond Resolution.

SUMMARY OF THE 2005 GENERAL BOND RESOLUTION

The following is a summary of certain provisions of the 2005 General Bond Resolution. For a complete statement of the provisions or contents of the 2005 General Bond Resolution, see Appendix F. Words and terms used in this summary are defined in the above-mentioned document and will have the same meanings herein as contained in that document, except as defined in this Official Statement.

2005 General Bond Resolution Constitutes Contract

The 2005 General Bond Resolution constitutes a contract between the Bond Bank, the Trustee and the owners of the Bonds, and the pledges made in the 2005 General Bond Resolution and the covenants and agreements therein set forth to be performed by the Bond Bank will be for the equal and proportionate benefit, protection and security of the holders of any and all of the Bonds, all of which will be of equal rank without preference, priority or distinction.

Obligation of Bonds

The Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of the principal or redemption price of, interest on and sinking fund installments for, the Bonds solely from the sources provided in the 2005 General Bond Resolution and any Series Resolution. The State will not be liable for payment on the Bonds, and the Bonds will not be a debt or liability, or constitute a pledge or loan of the faith and credit of the State.

Pledge

The Municipal Bonds and the Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the 2005 General Bond Resolution to be held by the Trustee are pledged and assigned for the payment of the principal of, redemption price of, interest on, and sinking fund installments for, the Bonds in accordance with the terms and provisions of the 2005 General Bond Resolution, subject only to the provisions of the 2005 General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the 2005 General Bond Resolution. The Municipal Bonds and the Municipal Bonds Payments and all other money and securities pledged pursuant to the 2005 General Bond Resolution immediately will be subject to the lien of such pledge without any further act, and such lien will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, regardless of whether such parties have notice thereof.

Power to Issue Bonds and Make Pledges

The Bond Bank covenants that it is duly authorized by law to issue the Bonds and to pledge the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property purported to be pledged by the 2005 General Bond Resolution which will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the 2005 General Bond Resolution, except for the liens in favor of the Trustee and Paying Agent as provided in the 2005 General Bond Resolution. The Bond Bank will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property pledged under the 2005 General Bond Resolution and all the rights of the Bondholders under the 2005 General Bond Resolution against all claims and demands of all persons whomsoever.

General

The Bond Bank will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Bond Bank under law and the 2005 General Bond Resolution in accordance with the terms thereof.

The Bond Bank pledges and agrees with the Holders of the Bonds that it will not cause the State to limit or alter the rights vested by the Act in the Bond Bank to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Bondholders, until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Waiver of Laws

The Bond Bank will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension of law now or at any time hereafter in force which may affect the covenants and agreements contained in the 2005 General Bond Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Bond Bank.

Loan Agreement Provisions

No loan will be made by the Bond Bank from proceeds of the sale of Bonds and no Bonds will be issued for the purpose of providing funds with which to make a loan, unless the Loan Agreement under which such loan is to be made will comply with, but not be limited to, the following:

(a) The Governmental Unit which is a party to such Loan Agreement must be a Governmental Unit as defined by the 2005 General Bond Resolution, and the Loan Agreement must be executed in accordance with existing laws.

(b) The Governmental Unit, prior to or simultaneously with the issuance of Bonds, will issue Municipal Bonds which are valid debt obligations of the Governmental Unit as required by the Act.

(c) The Municipal Bonds Payment to be made by the Governmental Unit under such Loan Agreement will be not less than the interest and principal payments the Bond Bank is required to make on the Loan Obligations and will be scheduled by the Bond Bank in such manner and at such times as to provide funds sufficient to pay principal and interest on the Loan Obligations as the same become due.

(d) The Governmental Unit will be obligated to pay Fees and Charges to the Bond Bank at the times and in the amounts which will enable the Bond Bank to comply with the provisions of the 2005 General Bond Resolution.

(e) The Governmental Unit will agree that in the event the Municipal Bonds Payment is not paid by it to the Bond Bank on or before the times specified in the Loan Agreement, any money payable to the Governmental Unit by any department or agency of the State will be withheld from such Governmental Unit and paid over directly to the Trustee acting under the 2005 General Bond Resolution.

(f) The Bond Bank will not sell, and the Governmental Unit will not redeem prior to maturity, any of the Municipal Bonds with respect to which the Loan is made in an amount greater than the Outstanding Bonds issued with respect to such Loan which are then redeemable, and any such sale or redemption of such Municipal Bond will be in an amount not less than the aggregate of (i) the principal amount of the Loan Obligation to be redeemed, (ii) the interest to accrue on the Loan Obligation so to be redeemed to the next redemption date, (iii) the applicable redemption premium, and (iv) the costs and expenses of the Bond Bank in effecting the redemption of the Loan Obligation.

(g) The Governmental Unit must give the Bond Bank at least fifty (50) days' notice of its intent to redeem its Municipal Bonds.

Modification of Loan Agreement Terms

The Bond Bank will not consent to the modification of, or modify, the rates of interest of, or the amount or time of payment of any installment of principal of or interest on, any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders.

Enforcement of Municipal Bonds

The Bond Bank will diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds, including the prompt collection, and the giving of notice to the Commissioner of Revenue, Commissioner of Commerce, Community and Economic Development and the Commissioner of Administration and any other department or agency of the State which is custodian of any money payable to the Governmental Unit of any failure or default of the Governmental Unit in the payment of its Municipal Bonds Payments and will promptly transfer any such money, upon receipt thereof, to the Trustee and the Trustee will deposit any such money in the Principal Account and Interest Account in place of said unpaid Municipal Bonds Payments or in the event deficiencies in said Accounts created by such default will have been made up by the Reserve Fund, into the Reserve Fund to the extent of such deficiencies.

Funds and Accounts

The 2005 General Bond Resolution established a Debt Service Fund, consisting of an Interest Account, a Principal Account and a Redemption Account; a Reserve Fund; a Rebate Fund, which consists of a separate sub-account for each Series of Bonds; and an Operating Fund. The Debt Service Fund, the Rebate Fund and the Reserve Fund are held by the Trustee. The Operating Fund is held by the Bond Bank.

Debt Service Fund. The Trustee will deposit Municipal Bonds Interest Payments and any other money available for the payment of interest in the Interest Account upon receipt thereof. The Trustee will, on or before each interest payment date, pay out of the Interest Account the amounts required for the payment of the interest becoming due on each series of Bonds on such interest payment date.

The Trustee will deposit Municipal Bonds Principal Payments and any other money available for the payment of principal in the Principal Account upon receipt thereof. The Trustee will, on or before each principal payment date or Sinking Fund Installment date, pay out of the Principal Account the amounts required for the payment of the principal or Sinking Fund Installment due on each series of Bonds on such date.

The Trustee establishes in the Redemption Account a separate sub-account for each Series of Bonds. Any money deposited into the Redemption Account from any source other than pursuant to Section 607 or Section 916 of the 2005 General Bond Resolution will be applied to the purchase or redemption of Bonds. Any money deposited into the Redemption Account from the Reserve Fund because of a reduction in the Required Debt Service Reserve will be applied to the purchase or redemption of Reserve Fund Obligations.

Reserve Fund. Monthly, the Trustee will set aside from amounts in the Reserve Fund derived from investment earnings and profits realized by the Reserve Fund due to investments thereof, an amount which, when added to the amounts theretofore set aside for such purpose and not paid into the Interest Account, will on such date be equal to the unpaid interest on the Reserve Fund Obligations accrued and to accrue to the last day of such month.

On or before each principal payment date and Sinking Fund Installment payment date of Reserve Fund Obligations, the Trustee will withdraw from amounts in the Reserve Fund and deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account and derived from sources other than Municipal Bonds Payments, will be equal to the Principal Installment of the Reserve Fund Obligations falling due on such date.

On or before December 31 of each year, after satisfying the deposit requirements set forth above, the Trustee will withdraw from the Reserve Fund any amount remaining therein derived from investment earnings or profits due to investments thereof, and pay over said amount to the Bond Bank for deposit in the Operating Fund, but only to the extent that there remains after such withdrawal an amount in the Reserve Fund at least equal to the Reserve Fund Requirement.

The Bond Bank will pay into the Reserve Fund (a) money made available by the State and paid by the State for the purpose of the Alaska Municipal Bond Bank Reserve Fund created by the Act in the amount provided by a Series Resolution; (b) all money paid to the Bond Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Reserve Fund Requirement; (c) such portion of the proceeds of sale of Bonds, if any, as will be provided by any Series Resolution; (d) Credit Enhancement; and (e) any other money which may be made available to the Bond Bank for the purposes of the Reserve Fund from any other source or sources. The Reserve Fund Requirement may be satisfied entirely, or in part, by a letter of credit, a line of credit, a credit facility, a surety bond, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds; provided, however, any credit enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution of any prior credit enhancement previously issued will not, by itself, cause a withdrawal or downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

In the event there will be a deficiency in the Interest Account or in the Principal Account, the Trustee will make up such deficiencies from the Reserve Fund.

Administration of Reserve Fund. Money and securities held in the Reserve Fund will not be withdrawn therefrom at any time in such amount as would reduce the amount in such Fund to an amount less than the Reserve Fund Requirement except for the payment when due of debt service on Reserve Fund Obligations and to cure a deficiency in the Principal Account or the Interest Account.

Rebate Fund. There will be deposited in the Rebate Fund the amount of the Rebate Requirement for each Series of Bonds, and the Trustee will pay over to the United States Government such amounts as determined by the Bond Bank and as set forth in the 2005 General Bond Resolution. All amounts held in the Rebate Fund, including income earned from investment of the Rebate Fund, shall be held by the Trustee free and clear of the lien of the 2005 General Bond Resolution.

Operating Fund. There will be deposited in the Operating Fund all Fees and Charges, to the extent not otherwise encumbered or pledged, and any other money which may be made available to the Bond Bank therefor from any other source or sources. Money at any time held for the credit of the Operating Fund will be used for and applied solely to the following purposes: (a) to pay the Administrative Expenses of the Bond Bank; (b) to pay the fees and expenses of the Trustee and any Paying Agent; (c) to pay financing costs incurred with respect to a Series of Bonds; and (d) to pay any expenses incurred in carrying out any other purpose then authorized by the Act.

All amounts in the Operating Fund are free and clear of any lien or pledge created by the 2005 General Bond Resolution.

Security for Deposits

All money held by the Trustee will be continuously and fully secured, for the benefit of the Bond Bank and the Bondholders in such manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. It will not be necessary for the Trustee or any paying agent to give security for the deposit of any money with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which will be represented by obligations purchased under the provisions of the 2005 General Bond Resolution as an investment of such money.

Payment of Bonds

The Bond Bank will duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof, and will duly and punctually satisfy all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

Fees and Charges

The Bond Bank may charge such Fees and Charges to each Governmental Unit to which a Loan is made, and will revise such Fees and Charges if necessary, so that such Fees and Charges actually collected from each such Governmental Unit will at all times produce money which, together with such Governmental Unit's Allocable Proportion of other money available under the provisions of the 2005 General Bond Resolution, and other money available therefor, will be at least sufficient to pay, as the same become due, the Governmental Unit's Allocable Proportion of the Administrative Expenses of the Bond Bank and of the fees and expenses of the Trustee and any Paying Agent.

Issuance of Additional Obligations

The Bond Bank may issue additional Bonds and refunding Bonds pursuant to the terms of the 2005 General Bond Resolution; however, no additional series of Bonds will be issued unless:

(a) the aggregate principal amount of Bonds and Notes Outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds, will not exceed any limit thereon imposed by State law;

(b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the 2005 General Bond Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;

(c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds, will not be less than the Required Debt Service Reserve; and

(d) the maturities of, or Sinking Fund Installments for, the additional Bonds representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds, will be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

The Bond Bank expressly reserves the right to adopt other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges or payable from the Debt Service Fund or the Reserve Fund.

Defeasance

If the Bond Bank will pay or cause to be paid to the holders of all Bonds then Outstanding, the principal and interest and/or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the 2005 General Bond Resolution and also will pay or cause to be paid all other sums payable under the 2005 General Bond Resolution, including any amounts payable to the United States, then, at the option of the Bond Bank, as expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Bond Bank to the Bondholders will be discharged and satisfied. All Outstanding Bonds of any Series will, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bond Bank will have given to the Trustee in form satisfactory to it irrevocable instructions to publish notice of redemption on said date of such Bonds, and (b) there will have been deposited with the Trustee either monies in an amount which will be sufficient or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds and described in clause (1) of the definition thereof, the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee or Paying Agent at the same time, will be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as may be the case.

Supplements and Amendments

The Bond Bank may adopt a Series Resolution or Supplemental Resolution without the consent of the Bondholders or the Trustee for various purposes not inconsistent with the 2005 General Bond Resolution, to provide for the issuance of additional Series of Bonds, to impose additional limitations or restrictions on the issuance of Bonds, to impose other restrictions on the Bond Bank, to surrender any right, power or privilege, or to confirm any pledge of or lien upon the Municipal Bonds or the Municipal Bonds Payments or any other funds. The Bond Bank may also supplement the 2005 General Bond Resolution to cure any ambiguity or defect in the 2005 General Bond Resolution, provided such modifications are not contrary to or inconsistent with the 2005 General Bond Resolution as theretofore in effect.

Any modification or amendment of the 2005 General Bond Resolution and of the rights and obligations of the Bond Bank and of the Bondholders may be made with the written consent (a) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that such modification or amendment will not permit (i) a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefor, (ii) a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) the creation of any lien prior to or on a parity with the lien created by the 2005 General Bond Resolution (except in the manner provided by the 2005 General Bond Resolution) or deprive the Bondholders of the lien created by the 2005 General Bond Resolution, without the consent of the holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment. To the extent that the full payment of the interest and principal of Bonds of a Series is secured by Credit Enhancement, the Credit Enhancement Agency will be considered to be the Bondholder of all the Bonds of the Series for purposes of exercising any rights with respect to supplements and amendments to the 2005 General Bond Resolution if the Credit Enhancement so provides.

Events of Default and Remedies

Each of the following events is an Event of Default under the 2005 General Bond Resolution:

(a) the Bond Bank defaults in the payment of the principal or Redemption Price of, Sinking Fund Installment for, or interest on, any Bond when and as the same will become due whether at maturity or upon call for redemption, or otherwise;

(b) the Bond Bank fails or refuses to comply with the provisions of the Act regarding the certification of deficiencies in the 2005 General Bond Resolution Reserve Fund, or such amounts as will be certified to the Governor and to the Legislature pursuant to the Act will not be appropriated and paid to the Bond Bank prior to the termination of the then current State fiscal year; or

(c) the Bond Bank fails or refuses to comply with the provisions of the Act, other than as provided in (b) above, or defaults in the performance or observance of any other of the covenants, agreements or conditions on its part in the 2005 General Bond Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default will continue for a period of 45 days after written notice thereof by the Trustee or the Holders of not less than 25 percent in principal amount of the Outstanding Bonds;

provided, however, that an event of default will not be deemed to exist under the provisions of clause (c) above upon the failure of the Bond Bank to make and collect Fees and Charges required to be made and collected by the 2005 General Bond Resolution or upon the failure of the Bond Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bond Bank may be otherwise directed by law and so long as the Bond Bank will be provided with money from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same will become due during the period for which the Bond Bank will be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

Upon the happening and continuance of any event of default specified in paragraph (a) above, the Trustee will proceed, or upon the happening and continuance of any event of default specified in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the holders of not less than 25 percent in principal amount of the Outstanding Bonds will proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bond Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bond Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, require the Bond Bank to account as if it were the trustee of an express trust for the holders of the Bonds;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

Upon the occurrence of an event of default in the payment of principal of and interest on Bonds then Outstanding, the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding will, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will be immediately due and payable. This provision, however, is subject to the condition that if before any judgment or decree for the payment of the money due will have been obtained or entered, the Bond Bank will deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then the holders of at least a majority in aggregate principal amount of the Bonds then outstanding, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default.

Bondholders' Direction of Proceedings. The holders of a majority in principal amount of the Bonds then Outstanding will have the right to direct the method of conducting all remedial proceedings to be taken by the Trustee, provided that such direction will not be otherwise than in accordance with law or the 2005 General Bond Resolution, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders. No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the 2005 General Bond Resolution, or for the protection or enforcement of any right under the 2005 General Bond Resolution or any right under law unless such holder will have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25 percent in principal amount of the Bonds then Outstanding will have made written request of the Trustee and will have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under law or to institute such action, suit or proceeding in its name and unless, also, there will have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Trustee will have refused or neglected to comply with such request within a reasonable time. No holder of the Bonds will have any right to affect, disturb or prejudice the security of the 2005 General Bond Resolution, or to enforce any right with respect to the Bonds or the 2005 General Bond Resolution, except in the manner provided in the 2005 General Bond Resolution, and all proceedings at law or in equity will be instituted, held and maintained in the manner herein provided and for the benefit of all Bondholders.

Excess Earnings

The Bond Bank covenants and agrees to calculate Rebatable Arbitrage and to pay Rebatable Arbitrage to the United States of America in the manner necessary to comply with the then applicable federal tax law. Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of each Series of Bonds have been retired (or at such other time or times as may then be required by the Code and the applicable Income Tax Regulations), the Bond Bank will determine the Rebatable Arbitrage with respect to each Series of Bonds, and pay rebate amounts due the United States of America with respect thereto, as provided in Section 148(f) of the Code.

Modifications to the 2005 General Bond Resolution

The 2005 General Bond Resolution authorizes modifications of any provision set forth in the 2005 General Bond Resolution by the terms of a Supplemental Resolution, with such modifications becoming effective after all Bonds of each Series Outstanding as of the date of such Supplemental Resolution authorizing such modification cease to be Outstanding. A first supplemental resolution (the "First Supplemental Resolution") was approved by the Board of Directors of the Bond Bank at a meeting held on February 19, 2013.

The First Supplemental Resolution authorizes the following modifications to the 2005 General Bond Resolution: (i) to authorize the Trustee to release to the Bond Bank amounts held in the Reserve Fund which exceed the Required Debt Service Reserve whenever there is a reduction in the Required Debt Service Reserve, (ii) to authorize the Trustee to release to the Bond Bank earnings and profits realized from investments in the Reserve Fund on or before June 30 of each year so long as the balance therein equals the Required Debt Service Reserve, (iii) to allow for certain amendments and modifications to the 2005 General Bond Resolution to be effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding, and (iv) to establish that consent of Holders of Bonds, when required under the terms of the 2005 General Bond Resolution, specifically includes the consent of an underwriter or purchaser of a Series of Bonds at the time such Bonds are issued.

The modifications to the 2005 General Bond Resolution set forth in the First Supplemental Resolution shall become effective after all Bonds issued prior to the 2013 Series One Bonds cease to be Outstanding and compliance by the Bank with certain requirements set forth in the 2005 General Bond Resolution, at which time these modifications will apply to the 2014 Series Two Bonds and govern the rights and obligations of the Holders thereof.

2014 LEGISLATION

The 28th Alaska Legislature passed Senate Bill 218 ("SB 218"), which amends the Act to increase the debt capacity of the Bond Bank from $1 billion to $1.5 billion. SB 218 also authorizes the Bond Bank to make a loan(s) to the University of Alaska in a principal amount not to exceed $87.5 million for purposes of financing a portion of the design, construction, acquisition and construction of a new heat and power plant located at the University of Alaska Fairbanks. SB 218 has been transmitted to the Governor for signature.

LITIGATION

Upon the delivery of the 2014 Series Two Bonds, the Bond Bank will furnish a certificate to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the 2014 Series Two Bonds, or in any way contesting the validity or enforceability of the 2014 Series Two Bonds, the 2005 General Bond Resolution or any Bonds or money pledged under the 2005 General Bond Resolution.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the Bond Bank of the 2014 Series Two Bonds are subject to the approving legal opinion of Wohlforth, Brecht & Cartledge APC of Anchorage, Alaska, Bond Counsel to the Bond Bank. The proposed form of the opinion of Bond Counsel is included herein as Appendix A.

Certain legal matters will be passed upon for (i) the City of Ketchikan by its bond counsel, K&L Gates LLP of Seattle, Washington, and (ii) the City of King Cove by its co-bond counsel, Foster Pepper PLLC of Seattle, Washington, and the Levesque Law Group, LLC of Anchorage, Alaska.

UNDERWRITING

The Bond Bank offered the 2014 Series Two Bonds at public sale on June 10, 2014. The Bond Bank awarded the contract for the sale of the 2014 Series Two Bonds to _____ at a purchase price of $_____ (reflecting the aggregate principal amount of the 2014 Series Two Bonds, plus/less a net original issue premium/discount of $_____ less an underwriter's discount of $_____). The Underwriter has represented to the Bond Bank that the 2014 Series Two Bonds have been subsequently reoffered to the public initially at the yield or price set forth in the inside cover of the Official Statement.

MUNICIPAL ADVISOR

Western Financial Group, LLC has acted as financial advisor (the "Municipal Advisor") to the Bond Bank in connection with the issuance of the 2014 Series Two Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Western Financial Group, LLC is an independent advisory firm registered with the Securities and Exchange Commission and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Bond Bank included as Appendix E to this Official Statement have been audited by BDO USA, LLP, independent certified public accounts, to the extent and for the periods indicated in their report thereon. Such financial statements have been included in reliance upon the report of BDO USA, LLP.

The Bond Bank has not requested BDO USA, LLP to provide written consent for inclusion of the financial statements in this Official Statement.

TAX MATTERS

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the 2014 Series Two Bonds is excludable from gross income for federal income tax purposes. Interest on the 2014 Series Two Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals or corporations under the Code. However, interest on the 2014 Series Two Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Bond Counsel is also of the opinion, based on existing laws of the State as enacted and construed that interest on the 2014 Series Two Bonds is excludable from taxation by the State except for transfer, estate and inheritance taxes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2014 Series Two Bonds. The Bond Bank and Governmental Units have covenanted to comply with certain restrictions designed to assure that interest on the 2014 Series Two Bonds is excludable from federal gross income. Failure to comply with these covenants may result in interest on the 2014 Series Two Bonds being included in federal gross income, possibly from the date of issuance of the 2014 Series Two Bonds. Bond Counsel's opinion is subject to the condition that the Bond Bank and the Governmental Units comply with these covenants and, in addition, will rely on representations by the Bond Bank and the Governmental Units and their advisors with respect to matters solely within the knowledge of the Bond Bank, the Governmental Units and their advisors, respectively.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2014 Series Two Bonds may adversely affect the tax status of interest on the 2014 Series Two Bonds.

Although Bond Counsel has rendered an opinion that interest on the 2014 Series Two Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, such 2014 Series Two Bonds may otherwise affect a 2014 Series Two Bond Owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the 2014 Series Two Bond Owner's particular tax status and the 2014 Series Two Bond Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Series Two Bonds. Owners of the 2014 Series Two Bonds should

consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2014 Series Two Bonds, which may include original issue discount, original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Backup Withholding. Interest on tax-exempt obligations such as the 2014 Series Two Bonds is in many cases subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the 2014 Series Two Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount. The 2014 Series Two Bonds maturing _____ 1, 20__, (the "Discount Bonds") are being sold at an original issue discount. The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity, constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2014 Series Two Bonds.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium. The 2014 Series Two Bonds maturing ____ 1, 20__ through and including ____ 1, 20__ (collectively, the "Premium Bonds") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of

amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Changes in Federal Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2014 Series Two Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2014 Series Two Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2014 Series Two Bonds or the market value thereof would be impacted thereby. Purchasers of the 2014 Series Two Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2014 Series Two Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Bond Counsel's opinion is not a guarantee of a result and is not binding on the Internal Revenue Service ("IRS"); rather, the opinion represents its legal judgment based upon its review of existing statutes, regulations, published rulings, and court decisions and the representations and covenants of the Bond Bank. The IRS has an ongoing program of auditing the tax-exempt status of the interest on governmental obligations. If an audit of the 2014 Series Two Bonds is commenced, under current procedures, the IRS is likely to treat the Bond Bank as the "taxpayer," and the owners of the 2014 Series Two Bonds (the "Owners") would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2014 Series Two Bonds, the Bond Bank may have different or conflicting interests from the Owners. Public awareness of any future audit of the 2014 Series Two Bonds could adversely affect the value and liquidity of the 2014 Series Two Bonds during the pendency of the audit, regardless of its ultimate outcome.

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Rating Services ("S&P") have assigned "AA+" and "AA+" ratings, respectively, to the 2014 Series Two Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch, One State Street Plaza, New York, New York 10004, (212) 908-0500; S&P, 55 Water Street, New York, New York 10041 (212) 438-1000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. **There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2014 Series Two Bonds.**

CONTINUING DISCLOSURE UNDERTAKING

Basic Undertaking to Provide Annual Financial Information and Notice of Material Events.

Continuing disclosure is provided for the benefit of Beneficial Owners. Pursuant to the Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule"), the Bond Bank will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") annual financial information and operating data as described below. In addition, if any Governmental Unit has outstanding with the Bond Bank an amount of bonds equal to or greater than 10 percent of all Bonds outstanding, such Governmental Unit will be deemed an "Obligated Person" under the Rule and will be contractually required to provide updated financial information of the type included in Appendix D hereof and annual financial statements prepared in accordance with generally

accepted accounting principles applicable to the governmental entities, as such principles may be changed from time to time.

Not later than 120 days after the end of each Bond Bank fiscal year, the Bond Bank will notify each Governmental Unit that has, or had, an amount of bonds equal to or greater than 10 percent of all Bonds Outstanding, of its continuing disclosure undertaking responsibility. A list of Governmental Units deemed Obligated Persons for the prior fiscal year will be included in the Bond Bank's annual financial information filing.

The Bond Bank will also undertake to provide or cause to be provided to the MSRB a notice of the occurrence of any of the following events specified by the Rule with respect to the 2014 Series Two Bonds within ten business days of the occurrence of the event: (a) principal and interest payment delinquencies; (b) unscheduled draws on debt service reserves reflecting financial difficulties; (c) unscheduled draws on credit enhancements reflecting financial difficulties; (d) substitution of credit or liquidity providers, or their failure to perform; (e) adverse tax opinions or events affecting the tax-exempt status of the 2014 Series Two Bonds; (f) defeasances; (g) rating changes; (h) tender offers; (i) bankruptcy, insolvency, receivership or similar proceeding by the Bond Bank or "obligated person". The Bond Bank will also file with the MSRB a notice of any of the following events with respect to the 2014 Series Two Bonds within ten business days of the occurrence of such event, if material: (a) non-payment related defaults; (b) modification to rights of holders of 2014 Series Two Bonds; (c) bond calls, other than mandatory, scheduled redemptions not otherwise contingent on the occurrence of an event; (d) release, substitution or sale of property securing repayment of the 2014 Series Two Bonds; (e) other than in the normal course of business, the consummation of a merger, consolidation or acquisition involving an "obligated person," or the sale of all or substantially all of the assets of the Bond Bank or "obligated person," or the entry into a definitive agreement to undertake such an action, or a termination of a definitive agreement relating to any such actions, other than in accordance with its terms; (f) appointment of a successor or additional trustee or the change in name of the Trustee for the 2014 Series Two Bonds.

The Bond Bank also will provide to the MSRB timely notice of its failure to provide required annual financial information on or before the date specified below.

Type of Annual Financial Information Undertaken to be Provided by the Bond Bank. The annual financial information that the Bond Bank undertakes to provide will consist of (a) annual financial statements for the Bond Bank, prepared in accordance with generally accepted accounting principles applicable to governmental entities, as such principles may be changed from time to time; (b) a statement of authorized, issued and outstanding bonded debt; (c) Reserve Fund balance; and (d) Governmental Unit statistics in substantially the same form as Appendix C attached hereto. This information will be provided to the MSRB not later than 210 days after the end of each fiscal year of the Bond Bank (currently, the 12-month period ending June 30), as such fiscal year may be changed as required by State law, commencing with the Bond Bank's fiscal year ending June 30, 2014.

Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the 2014 Series Two Bonds without the consent of any Beneficial Owner of any 2014 Series Two Bond, or any broker, dealer, municipal securities dealer, participating underwriter, rating agency, or the MSRB, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Bond Bank; (b) the Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the 2014 Series Two Bonds, after taking into account any amendments or interpretations of the Rule by the SEC and any changes in circumstances; (c) the Bond Bank obtains an opinion of nationally recognized bond counsel to the effect that the amendment will not adversely affect the Bond Bank's compliance with the Undertaking and Rule; and (d) the Bond Bank notifies and provides the MSRB with copies of the opinions and amendments. Such amendment may be adopted without the consent of any Beneficial Owner of any of the 2014 Series Two Bonds, notwithstanding any other provision of the Undertakings or the Bond Resolution.

The first annual report containing amended operating data or financial information pursuant to an amendment of the Bond Bank continuing disclosure undertaking will explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

Termination. The obligations of the Bond Bank under its undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the 2014 Series Two Bonds.

Remedy for Failure to Comply with Undertaking. No failure by the Bond Bank and/or the Obligated Persons identified in Appendix D hereto to comply with any provisions of their respective undertakings will constitute a default in respect of the 2014 Series Two Bonds, and the sole remedy under the respective undertakings in the event of any failure of the Bond Bank or any Obligated Person identified in Appendix D hereto to comply with its undertaking will be the right to obtain specific performance of the undertaking.

Prior Compliance with Continuing Disclosure Undertakings Under the Rule

The Bond Bank previously entered into continuing disclosure undertakings under the Rule in connection with its Bonds. The Bond Bank subsequently discovered that it did not file event notices in connection with certain rating downgrades of insurers of its existing Bonds. Additionally, the Bond Bank discovered that it did not file an event notice for an underlying ratings upgrade from Moody's in November 2010 in relation to two series of outstanding Bonds. All such notices were subsequently filed.

In each of the past five fiscal years, the Bond Bank has timely filed its audited financial statements and annual report. However, the Bond Bank discovered that it had not included in its annual report statistics of Governmental Units similar to those found in Exhibit C of its official statements, as required by prior continuing disclosure undertakings. Such information was included in publicly available official statements prepared by the Bond Bank every year of noncompliance, although in certain cases such information was dated on or about the date of the official statement rather than as of the relevant fiscal year end of the Bond Bank.

The Bond Bank has developed procedures to ensure that all information required to be included in the Annual Report as of the fiscal year end will be filed within 210 days after the end of such fiscal year. The Bond Bank has otherwise complied in the past five years in all material respects with its previous undertakings with regard to the Rule to provide annual reports or notices of certain events.

Obligated Persons. In February 2014, it was discovered that certain of the Obligated Persons who timely filed annual financial information in accordance with prior undertakings inadvertently failed to associate that annual financial information with all Bonds issued under the 2005 General Bond Resolution. Effective March 20, 2014, each undertaking executed by an Obligated Person includes an express requirement that such filing be linked to the CUSIP numbers of all outstanding Bonds issued under the 2005 General Bond Resolution. The current Obligated Persons reported they have otherwise complied in the past five years in all material respects with their previous undertakings with regard to the Rule to provide annual reports.

SOURCES OF CERTAIN INFORMATION

As of the date of this Official Statement, the Governmental Units which have loan obligations in an amount of ten percent (10%) or greater in the pool of loans financed with proceeds of Bonds are the City and Borough of Sitka (16.54%), the Kenai Peninsula Borough (15.45%), the City and Borough of Juneau (13.80%), and the Kodiak Island Borough (10.87%). These Governmental Units are considered "Obligated Persons" under the Rule and have provided the information appearing in Appendix D of this Official Statement.

The Bond Bank makes no representation as to the accuracy of the information concerning the City and Borough of Juneau, the Kenai Peninsula Borough, the Kodiak Island Borough or the City and Borough of Sitka found in Appendix D of this Official Statement.

DEFINITIONS

The following terms are used in this Official Statement with the following meanings:

"Act" — The Alaska Municipal Bond Bank Act, codified as Chapter 85, Title 44, of the Alaska Statutes, as amended.

"Bond Bank" — The Alaska Municipal Bond Bank, a public corporation and instrumentality of the State of Alaska within the Department of Revenue but with legal existence independent of and separate from the State.

"Bonds" — Bonds issued by the Bond Bank under the 2005 General Bond Resolution pursuant to a Series Resolution. These include "Loan Obligations" and "Reserve Fund Obligations" as defined below.

"Code" — Internal Revenue Code of 1986 and the regulations thereunder, as amended.

"Credit Enhancement" — A letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of the Bonds of such Series or to satisfy the Reserve Fund Requirement.

"Credit Enhancement Agency" — Any bank or other institution that provides Credit Enhancement.

"Debt Service Fund" — A fund established by the 2005 General Bond Resolution to be maintained and held by the Trustee. The 2005 General Bond Resolution defines and provides that the "Interest Account," "Principal Account" and "Redemption Account" are maintained within the Debt Service Fund.

"Fees and Charges" — All fees and charges authorized to be charged by the Bond Bank pursuant to Sections 44.85.080 (8), (15), and (16) of the Act and charged by the Bank pursuant to the terms and provisions of the Loan Agreements.

"Governmental Unit" — A municipality or such other entity from which the Bond Bank is authorized by law to purchase its revenue bonds, general obligation bonds, notes, or other forms of indebtedness and which otherwise satisfies conditions found in the 2005 General Bond Resolution and in the Loan Agreement.

"Loan Agreement" — An agreement, and any amendments thereto, entered into between the Bond Bank and a Governmental Unit setting forth the terms and conditions of a loan.

"Loan Obligations" — The amount of Bonds and the Bonds themselves issued by the Bond Bank for the purchase of Municipal Bonds of a Governmental Unit.

"Municipal Bonds" — General obligation bonds, revenue bonds, notes or other evidence of debt issued by any Governmental Unit, as defined in the Act, which have been acquired by the Bond Bank as evidence of a loan to the Governmental Unit pursuant to the Act.

"Municipal Bonds Payment" — The amounts paid or required to be paid, from time to time, for principal and interest by a Governmental Unit to the Bond Bank on the Governmental Unit's Municipal Bonds.

"Notes" — Any obligations referred to in the 2005 General Bond Resolution issued by the Bond Bank other than Bonds.

"Operating Fund" — A fund established by the 2005 General Bond Resolution. This fund is not held by the Trustee and money therein is not pledged as security for Bonds.

"Outstanding" — When used with reference to Bonds, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the 2005 General Bond Resolution, other than Bonds owned or held by or for the account of the Bond Bank except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the 2005 General Bond Resolution, and (iii) Bonds deemed to have been paid as provided in the 2005 General Bond Resolution.

"Reserve Fund" — The reserve account established by the 2005 General Bond Resolution and held by the Trustee pursuant to the provisions of the 2005 General Bond Resolution.

"Reserve Fund Obligations" — Bonds issued by the Bond Bank to obtain funds to deposited in the Reserve Fund.

"Reserve Fund Requirement" — The amount required to be on deposit in the 2005 General Bond Resolution Reserve Fund is the least of the following: (i) 10% of the initial stated principal amount of each Series of Bonds then Outstanding; (ii) maximum annual principal and interest requirements on all Bonds then Outstanding; (iii) 125% of average annual principal and interest requirements on all Bonds then Outstanding; or (iv) such lesser amount as shall be required by law. The Reserve Fund Requirement may be satisfied entirely, or in part, by Credit Enhancement; provided, however, any Credit Enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution for any prior Credit Enhancement previously issued will not, by itself, cause a withdrawal or downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

"Required Debt Service Reserve" — As of any date of calculation, the amount required to be on deposit in the Reserve Fund which amount shall at least be equal to the Reserve Fund Requirement.

"Series Resolution" — A resolution of the Bond Bank authorizing the issuance of a series of Bonds in accordance with the terms of the 2005 General Bond Resolution.

"2005 General Bond Resolution" — The Bond Bank's 2005 General Obligation Bond Resolution adopted July 13, 2005, as amended August 19, 2009. (The Bond Bank may adopt additional general obligation resolutions for the same or different purposes.)

MISCELLANEOUS

The summaries or descriptions of provisions in the Bond Resolution and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions, and reference is hereby made to the complete documents and materials, copies of which will be furnished by the Bond Bank on request. The 2005 General Bond Resolution has been included herein as Appendix F.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated.

PRELIMINARY OFFICIAL STATEMENT

The Bond Bank hereby deems this Preliminary Official Statement pursuant to the SEC Rule 15c2-12 as final as of its date except for the omission of the information dependent upon the pricing of the issue, such as offering prices, interest rates, delivery date and other terms of the 2014 Series Two Bonds dependent on the foregoing matters.

ALASKA MUNICIPAL BOND BANK

/s/_____
Deven J. Mitchell
Executive Director

APPENDIX A

Form of Legal Opinion

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WOHLFORTH | BRECHT | CARTLEDGE

A PROFESSIONAL CORPORATION

Julius J. Brecht
Cynthia L. Cartledge
William A. Earnhart
Ann Marie Garber
Michael Gatti
Eric E. Wohlforth

ATTORNEYS AT LAW
900 WEST 5TH AVENUE, SUITE 600
ANCHORAGE, ALASKA 99501-2048

TELEPHONE
907.276.6401

FACSIMILE
907.276.5093

WEBSITE
WWW.AKATTY.COM

June __, 2014

Board of Directors
Alaska Municipal Bond Bank
P.O. Box 110405
Juneau, Alaska 99811

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Alaska Municipal Bond Bank (the "Bank") of its General Obligation Bonds, 2014 Series Two (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion, including the opinions of bond counsel to the Governmental Units concerning the validity and enforceability of the Municipal Bonds and the Loan Agreements securing the Loans financed with the proceeds of the Bonds (as such terms are defined in the Resolutions referred to below).

The Bonds are issued under the Alaska Municipal Bond Bank Act, Chapter 85 of Title 44 of the Alaska Statutes, as amended (the "Act"), the General Obligation Bond Resolution of the Bank entitled "A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds, And Providing For The Rights Of The Holders Thereof," adopted July 13, 2005, as amended August 19, 2009 (the "General Bond Resolution") and Series Resolution No. 2014-02, adopted May 7, 2014 (the "Series Resolution," and together with the General Bond Resolution, the "Resolutions").

The Bonds are subject to redemption prior to maturity as provided in the forms of Bonds.

In connection with the issuance of the Bonds, we have reviewed the Resolutions and the federal tax certificate of the Bank dated the date hereof (the "Tax Certificate"), a Certificate of No-Litigation of the Attorney General (counsel to the Bank), certificates of the Bank, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) by any parties other than the Bank and the due and legal execution and delivery thereof by any parties other than the Bank. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the preceding paragraph. Furthermore, we have assumed compliance with the covenants and agreements contained in the Resolutions, the Tax Certificate, and the tax certificates of each Governmental Unit, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Resolutions, the Bonds, the Loan Agreements and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to the exercise of individual discretion in appropriate cases and to the application of equitable principles. We express no opinion relating to the undertaking by the Bank to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

As to questions of fact material to our opinion, we have relied upon various statements and representations of the Bank contained in the Resolutions and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that, under existing law:

1) The Bank has the right and power to adopt the Resolutions.

2) The Resolutions have been duly and lawfully adopted by the Bank, are in full force and effect and are valid and binding upon the Bank and enforceable in accordance with their terms.

3) The Resolutions create the valid pledge and assignment which they purport to create of the Municipal Bonds, subject to the application thereof to the purposes and on the conditions permitted by the Resolutions.

4) The Bonds are valid and binding general obligations of the Bank, enforceable in accordance with their terms and the terms of the Resolutions.

5) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State of Alaska, including the Act as amended to the date of this opinion, and in accordance with the Resolutions.

6) The Bonds are not a debt or liability, nor do they constitute a pledge of the faith and credit, of the State of Alaska.

7) Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Bank and the Governmental Units comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be complied with subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income of the owners for federal income tax purposes. The Bank and Governmental Units have covenanted to comply with all such applicable requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income thereof for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In expressing our opinion as to the exclusion of interest on the Bonds from the gross income of the owners as described above, we have relied on, and assumed to be correct, the representations, covenants, and agreements of the Bank and Governmental Units in the Loan Agreements and information furnished by and on behalf of the Bank and Governmental Units with respect to certain material facts that are solely within their knowledge relating to the proposed use of the proceeds of the Bonds or Municipal Bonds.

8) Under existing laws, interest on the Bonds is free from taxation by the State of Alaska except for transfer, estate and inheritance taxes.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisor regarding the applicability of any collateral tax consequences of owning the Bonds, which may include

original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the Bonds (except to the extent, if any, stated in the official statement).

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion or reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Sincerely,

WOHLFORTH, BRECHT & CARTLEDGE

Cynthia L. Cartledge

APPENDIX B

State Payments to Governmental Units

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Appendix B

State Payments to Governmental Units

The State of Alaska (the "State") disburses to Alaskan cities and boroughs (the "Governmental Units") funds that generally are available for uses other than paying municipal bond debt service. In the event of default by a Governmental Unit with respect to a Loan Agreement, the Bond Bank is authorized to cause such funds, held in custody by the State prior to disbursement, to be paid over to the Bond Bank. However, the State may at any time reduce or terminate the disbursements or programs under which they are made. Four of the departments of the State that disburse money to Governmental Units are as follows:

(1) Department of Education and Early Development. The Department of Education and Early Development (DEED) disburses State aid for educational purposes primarily through the school debt reimbursement, the foundation funding, and pupil transportation programs, in addition to funding for boarding homes, residential boarding, youth in detention, special schools, and the Alaska Challenge Youth Academy programs. The first program provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse municipalities that operate school districts for certain costs of school construction. State reimbursement applies to debt service on locally issued general obligation school bonds. Timing of reimbursements is determined by municipalities' debt service payments, and is made throughout the year. This program provides that subject to statutory and regulatory conditions that the State will reimburse municipalities for a pre-determined percentage of debt service incurred for such bonds, depending on when such bonds were issued and the project components. The State has in the past, and may in the future, appropriate less than the full amount to which the municipalities are entitled. When appropriations are less than 100 percent of the entitlement, funds have been allocated pro rata among the eligible school districts.

Under the second program, the State aids local school districts in the payment of operating expenses under the State "K-12 foundation" funding which provides education-related aid for operating costs associated with qualified K-12 schools as well as programs such as the handicapped facilities and nutrition programs. The program provides for monthly distributions to the school districts.

Under the third program, the state aids local school districts for pupil transportation. The program provides for monthly distributions to the school districts.

Under the fourth program, the state has provided one-time grant funds.

(2) Department of Revenue. The Department of Revenue disburses shares of various State taxes collected by the within the jurisdiction of certain Governmental Units including aviation fuel, Commercial Passenger Vessel, electric, telephone, liquor and fisheries resources landed and business taxes. Payments are distributed both semi-annually in January and July and annually in October depending upon the type of tax.

(3) Department of Commerce, Community and Economic Development. The Department of Commerce, Community and Economic Development (DCCED) administers a payment in lieu of taxes program under which the federal government pays a fee for use of land. The payments received from the federal government are passed through the State to certain Governmental Units. Distributions occur annually in July. The State also disburses money to certain Governmental Units through the DCCED's Capital Matching Grants program to provide assistance in financing capital projects. Distributions are made throughout the year as approved projects are constructed. Additionally the State Revenue Sharing program provides an annual transfer to certain governmental units based on population. The revenue sharing transfers occur in the first quarter of the fiscal year.

(4) Department of Corrections. The Department of Corrections transfers monthly amounts to pay operational expenses of local communities that house prisoners in municipal-owned facilities.

Sources: State of Alaska, Department of Administration, Division of Finance; State of Alaska, Office of Management and Budget; and State of Alaska, Department of Revenue, Tax Division. Further information regarding the State of Alaska may be found at http://alaska.gov (this reference is not a hyperlink, and, by this reference, the State of Alaska's website is not incorporated into this Official Statement).

Alaska Municipal Bond Bank
Capability to Intercept Funds

	FY 2013 Shared Taxes & Fees one time transfers for 7 categories of tax and license type (updated in December annually)	FY 2014 DOT Reimbursement Program transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2014 School Debt Reimbursement transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2014 Education Support transferred in 12 level monthly installments during fiscal year (current year annual appropriation)	Matching Grants as of October 1, 2013 will be drawn down as projects are completed (current and past year capital grant appropriations) (1)	FY 2014 Community Jails - Transferred in 12 level monthly payments during fiscal year (current year annual appropriation)	FY 2014 PILT trasnfers	Revenue Sharing FY 2014 disbursed at one time by October of fiscal year (current year annual appropriation)	Total Intercept Capability	Fiscal Year 2014 Total Debt Service (2)	Coverage Ratio
Boroughs											
Aleutians East Borough	$2,082,874	$476,742	$657,160	$5,350,495	$4,424,246	0	$0	$386,426	$13,377,943	$2,602,051	5.14
Haines Borough	486,904	0	908,729	25	25,261,937	383,440	0	604,650	$27,645,685	1,382,392	20.00
City & Borough of Juneau	4,662,940	0	14,161,151	43,616,733	28,847,546	0	0	2,042,028	$93,330,398	11,103,655	8.41
Kenai Peninsula Borough	1,473,978	0	3,581,484	86,625,845	33,545,106	0	0	2,130,481	$127,356,894	7,408,749	17.19
Ketchikan Gateway Borough	2,639,506	0	2,716,934	24,635,536	17,627,621	0	0	632,111	$48,251,708	5,471,394	8.82
Kodiak Island Borough	1,222,846	943,676	4,470,047	28,484,003	17,807,153	0	0	709,660	$53,637,385	6,558,649	8.18
Lake & Peninsula Borough	$386,805	$119,169	$901,080	$9,122,784	$348,469	$0	0	428,627	$11,306,934	1,001,200	11.29
Northwest Arctic Borough	6,695	0	4,419,584	34,723,250	13,009,768	944,172	0	428,531	$53,532,000	6,252,203	8.56
City & Borough of Sitka	1,641,483	0	2,523,860	14,537,378	45,952,895	694,660	0	912,184	$66,262,460	9,622,755	6.89
Municipality of Skagway	3,485,620	0	0	631,542	11,446,987	0	0	429,721	$15,993,870	496,178	32.23
City & Borough of Wrangell	409,023	0	212,450	4,355,639	11,017,175	578,010	0	596,467	$17,168,764	376,375	45.62
Cities											
Bethel*	$3,937	$0	$0	$0	$28,113,307	$0	$804,164	$386,834	$29,308,242	$292,413	100.23
Cordova	1,517,031	351,180	967,800	3,798,931	3,814,120	240,080	393,230	206,187	11,288,559	1,677,461	6.73
Dillingham	419,943	0	823,059	7,073,906	3,306,221	641,300	422,987	210,469	12,897,885	1,176,090	10.97
Hoonah	756,778	0	69,285	1,985,070	17,940,715	0	137,204	132,967	21,022,019	112,550	186.78
Homer*	197,140	0	0	0	8,412,982	753,410	0	341,161	9,704,693	281,953	34.42
Ketchikan* (3)	2,465,255	0	0	0	42,739,607	0	0	490,456	45,695,318	6,873,961	6.65
Kenai*	363,172	0	0	0	12,000,286	0	14,252	435,315	12,813,025	178,598	71.74
King Cove* (3)	524,085	0	0	0	525,865	0	0	141,816	1,191,766	104,554	11.40
Kodiak*	1,371,504	0	0	0	34,262,183	1,208,290	0	401,964	37,243,941	972,604	38.29
Nome	54,785	0	227,456	9,236,220	25,898,586	0	438,945	274,840	36,130,832	782,589	46.17
North Pole*	61,605	0	0	0	1,520,959	0	0	198,860	1,781,424	107,850	16.52
Palmer*	151,713	0	0	0	10,510,646	0	0	387,025	11,049,384	271,500	40.70
Petersburg	1,056,400	0	496,743	6,173,620	17,537,394	308,020	512,947	537,910	26,623,034	1,528,989	17.41
Sand Point*	365,756	0	0	0	2,685,941	0	0	142,768	3,194,465	162,822	19.62
Seward*	869,806	0	0	0	25,303,572	655,470	0	227,025	27,055,873	3,513,651	7.70
Soldotna*	46,057	0	0	0	9,543,863	0	0	300,531	9,890,451	219,162	45.13
Unalaska	8,542,195	367,445	827,546	4,958,635	3,166,125	762,050	763,584	322,844	19,710,424	3,764,204	5.24
Valdez	485,678	213,188	2,030,545	4,955,679	14,756,795	630,250	703,602	293,157	24,068,894	2,066,563	11.65
Wasilla*	252,454	0	0	0	22,839,885	0	0	596,467	23,688,806	417,744	56.71

*** Communities that are located in a borough which operates the public schools in the community and receives that related Education Support Funding.**
(1) Matching grants are appropriated by the Alaska State Legislature and can vary significantly from year to year.
(2) Includes annual debt service on general obligation and revenue-backed loans issued through AMBB.
(3) Borrowers to this issue.

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APPENDIX C
Government Unit Statistics
Regarding Participation in the Bond Bank

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APPENDIX C

GOVERNMENTAL UNIT STATISTICS
REGARDING PARTICIPATION IN THE BOND BANK

2005 GENERAL BOND RESOLUTION
OUTSTANDING LOAN PRINCIPAL TO GOVERNMENTAL UNIT BORROWERS OF THE ALASKA MUNICIPAL BOND BANK
AS OF JUNE 1, 2014
(Does Not Include 2014 Series Two Bonds)

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	134,970,000	16.54%
Kenai Peninsula Borough	126,050,000	15.45%
City and Borough of Juneau	112,610,000	13.80%
Kodiak Island Borough	88,675,000	10.87%
City of Ketchikan	62,135,000	7.62%
Ketchikan Gateway Borough	40,290,000	4.94%
City of Seward	38,990,000	4.78%
City of Unalaska	34,565,000	4.24%
Northwest Arctic Borough	29,500,000	3.62%
Aleutians East Borough	27,360,000	3.35%
Lake & Peninsula Borough	18,225,000	2.23%
City of Cordova	14,400,000	1.76%
City of Kodiak	13,520,000	1.66%
City of Dillingham	11,905,000	1.46%
City of Petersburg	9,265,000	1.14%
City of Nome	5,390,000	0.66%
Municipality of Skagway	5,230,000	0.64%
City of King Cove	1,100,000	0.13%
City of Homer	3,605,000	0.44%
City of Bethel	2,940,000	0.36%
City of Valdez	2,725,000	0.33%
City of Sand Point	2,560,000	0.31%
City of Soldotna	2,225,000	0.27%
City of Wasilla	1,880,000	0.23%
City of Kenai	1,695,000	0.21%
City of Hoonah	1,190,000	0.15%
Haines Borough	1,180,000	0.14%
City of Palmer	860,000	0.11%
City of North Pole	820,000	0.10%
City and Borough of Wrangell	370,000	0.05%
Reserve Obligations	19,705,000	2.42%
Total Outstanding Par	$815,935,000	100.00%

DEBT SERVICE OF OUTSTANDING GENERAL OBLIGATION LOANS TO GOVERNMENTAL UNIT BORROWERS OF THE ALASKA MUNICIPAL BOND BANK UNDER THE 2005 GENERAL BOND RESOLUTION
FISCAL YEARS 2014-2023
(Includes 2014 Series Two Bonds)

(Table reflects Loan Payments through fiscal year 2023. Debt service on bonds issued under the 2005 Resolution continues to fiscal year 2049.)

Borrower	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Ketchikan Utility - 2005 Loan	$1,315,180	$1,330,180	$1,331,680	$1,332,480						
City of Nome - 2005 Loan	301,338	302,338	302,838	299,838	301,433	302,564	303,114	303,244	302,709	301,744
Kenai Peninsula Borough Cent. Em. Svcs. Dist. - 2006 Loan	190,128	190,728	191,128	191,328	191,171	190,809	190,071	194,121	192,671	190,890
City of Seward - 2005 Port Loan	116,935	118,435	114,685	116,685	118,405	114,899	116,329	117,549	118,464	119,164
City of Seward - 2005 Refunding	286,750	288,750								
City of Seward - 2006 Port Loan	344,380	346,380	342,980	344,380	345,099	345,405	344,993	344,155	347,760	345,510
City of Ketchikan Port - 2006 Loan	2,559,450	2,556,156	2,555,069	2,556,963	2,553,063	2,548,063	2,550,038	2,543,850	2,544,363	2,541,300
City of Nome - 2007 Refunding	177,488	181,397	179,894	177,419	180,247	182,859	180,619	178,609		
Northwest Arctic Borough - 2007 Refunding	256,331	256,094	255,856	1,259,844	1,249,172	1,248,350	1,248,825	1,245,163		
City of Petersburg - 2007 Refunding	147,181	147,131	141,944	145,919	140,159	144,391	143,681	147,991		
City of Seward - 2007 Refunding	241,838	243,859	235,606	241,044	241,709	237,394	238,363	234,525	239,994	
City and Borough of Sitka - 2007 Refunding	846,575	845,341	847,319	848,781	851,672	849,219				
City of Wasilla - 2007 Refunding	417,744	422,263	420,819	421,681	423,241	424,588				
Kenai Peninsula Borough - 2007 Loan	314,538	316,725	313,225	312,625						
City of Petersburg - 2007 Loan	91,281	88,925	91,431	88,544	90,778	92,894	90,100	92,356	89,425	91,297
Aleutians East Borough - 2007 Refunding	1,206,238	1,203,438	945,438	947,338	1,772,238	1,818,363	1,835,863	1,844,988	1,856,938	2,121,938
South Kenai Peninsula Hospital - 2007 Refunding	145,900	145,300	144,700	144,100	143,500	142,825	146,950	789,450	788,250	784,350
City and Borough of Juneau - 2007 III Dock Loan	753,159	748,813	747,175	749,575	746,875	749,125	745,500	746,000	745,500	748,875
City of Bethel - 2007 III Court Facility Loan	292,413	295,225	291,838	293,038	294,125	295,125	290,750	291,000	290,750	290,000
Kenai Peninsula Borough South Hospital Service Area	1,129,569	1,129,600	1,128,569	1,126,475	1,127,363	1,124,313	1,122,938	1,119,813	1,119,813	1,117,813
City of Kodiak M&P Loan	128,621	126,221	128,671	125,971	128,121	125,121	127,521	125,287	127,878	125,313
City of Kodiak Lift Loan	243,580	244,530	240,330	240,980	241,330	241,380	242,030	243,271	244,186	244,804
Kodiak Island Borough 2008 One Loan	625,210	624,210	622,460	624,960	620,160	624,960	623,960	621,323	623,048	623,360
City of Dillingham 2008 One Loan	1,176,090	1,176,090	1,179,590	1,176,340	1,178,540	1,174,540	1,174,540	1,176,390	1,176,753	1,179,565
Kodiak Police Station 2008 One Loan	529,990	531,240	531,990	532,240	529,040	505,640	507,840	509,128	504,990	505,365
City of Seward Long Term Care 2008 One Loan	1,970,663	1,971,413	1,970,163	1,971,913	1,970,513	1,972,713	1,973,313	1,969,750	1,969,488	1,970,925
City and Borough of Sitka 2008 Two Loan	563,445	562,045	565,245	562,845	564,725	564,625	564,005	562,355	564,645	565,610
Municipality of Skagway 2008 Two Loan	394,235	391,235	393,035	394,435	395,210	391,110	395,330	393,630	396,210	392,815
City of Seward 2008 Two Loan	393,686	393,886	393,886	393,686	393,151	394,751	393,151	391,176	393,816	395,826
City of Unalaska 2009 One Loan	1,914,000	1,916,800	1,909,900	1,912,900	1,909,025	1,908,275	1,905,525	1,905,650	1,903,525	1,904,025
City of Kodiak 2009 One Boat Lift Loan	70,413	69,613	68,713	67,713	71,588	70,338	69,088	67,838	71,463	69,963
City of Unalaska 2009 Two Loan	561,425	559,025	558,775	558,800	563,588	560,413				
Kodiak Island Borough 2009 Two Loan	1,502,800									
City of Cordova 2009 Two Loan	1,370,481	1,370,681	1,371,656	1,367,969	1,369,094	1,371,244	1,369,906	1,369,906	1,367,906	1,371,706
City of Nome 2009 Two Loan	54,263	53,263	52,138	51,075	55,044	53,694	52,269	55,769	54,019	52,181
City and Borough of Juneau - 2009 Three Loan	1,479,850	1,493,075	1,500,650	1,485,600	1,495,800	1,444,800	1,468,800			
Ketchikan Gateway Borough-2009 Four Loan	1,775,819	1,774,769	1,777,769	1,775,519	1,768,232	1,754,104	1,743,479	1,731,390	1,722,642	1,707,107
Kenai Peninsula Borough-2009 Four Loan	1,055,150	1,055,600								
City of Kenai-2010 One Loan	178,598	176,198	178,798	175,398	176,998	178,398	172,704	172,011	171,018	164,725
Ketchikan Gateway Borough-2010 One Loan	729,000	722,050	729,800	725,800	731,000	730,000	728,000			
Northwest Arctic Borough-2010 One Loan	281,215	282,465	283,565	283,165	282,565	281,765	280,765	284,565	281,315	276,127
City of Petersburg-2010 One Loan	239,419	236,269	238,044	239,094	234,494	234,794	234,894	234,794	238,694	235,849
City of Unalaska-2010 One Loan	426,699	425,999	425,149	427,149	428,749	424,949	425,949	426,549	424,299	424,017

Table Continues on Following Page.

Borrower	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Northwest Arctic Borough - 2010 Refunding	970,750	969,350	967,200							
City and Borough of Juneau - 2010 Two Loans	1,143,819	1,141,794	1,139,319	1,139,029	1,129,772	1,117,534	1,107,744	2,472,665	1,820,539	1,779,639
City of Cordova 2010 Two Loan	46,955	45,905	49,780	48,430	46,859	45,138	48,188	46,070		
City of King Cove 2010 Two Loan	42,712	42,112	41,512	45,743	44,762	43,686	42,540	41,363	40,155	38,847
Aleutians East Borough - 2010 Loan	399,778	399,003	397,078	398,878	395,378	396,578	397,966	392,943	390,877	383,441
City of King Cove 2010 Three Loan	61,842	60,942	59,892	58,692	62,392	60,992	59,680	58,205	61,359	59,389
City of Unalaska 2010 Three Loan	435,192	438,892	436,267	437,267	437,867	438,067	433,605	432,617	429,319	420,652
Kenai Peninsula Borough 2010 Four Loan	1,487,777	1,477,241	1,468,022	1,459,887	1,442,725	1,431,305	1,411,775	1,395,269	1,376,201	1,358,946
City of Ketchikan 2010 Four Loan	632,888	631,272	628,044	623,153	616,549	608,190	603,500	597,854	586,163	578,214
Ketchikan Gateway Borough 2010 Four Loan	339,087	334,573	333,976	332,198	324,287	320,209	315,233	314,574	308,091	300,753
City and Borough of Sitka 2010 Four Loan	4,069,032	4,082,982	4,064,732	4,064,932	4,075,151	4,062,570	4,047,570	4,058,570	4,050,648	4,038,926
City of Soldotna 2010 Four Loan	219,162	216,905	219,070	215,646	216,594	211,905	211,752	206,311	205,509	199,279
City and Borough of Wrangell 2011 One Loan	26,275	25,675	25,075	24,475	28,875	28,000	27,000	26,000		
Kodiak Island Borough 2011 One Loan	624,850	626,000	621,850	622,550	622,950	621,400	622,800	623,600	623,800	625,513
City and Borough of Juneau 2011 Two Loan	660,231	659,631	658,831	657,831	658,831	657,300	659,600	655,200		
City and Borough of Sitka 2011 Two Loan	411,709	412,209	407,609	408,009	412,134	410,090	407,590	407,390	411,790	407,690
Aleutians East Borough 2011 Three Refunding	298,000	569,125	833,750	976,625	229,375	229,875	226,000	231,625	230,625	
Kenai Peninsula Borough 2011 Three Refunding	1,169,000	1,656,275	1,647,050	1,640,450	1,630,075	1,621,825	1,617,850	967,375	958,750	953,250
Ketchikan Gateway Borough 2011 Three Refunding	618,600	620,325	621,250	616,300	618,175	618,800	615,900	616,875	614,000	609,875
Northwest Arctic Borough 2011 Three Refunding	1,336,500	2,493,150	2,484,400	2,491,900	2,486,775	2,492,025	2,492,700	2,488,875	2,485,000	2,485,625
Wrangell 2011 Three Refunding	96,300	87,600	93,800	41,000						
Kenai Peninsula Borough (Central Hospital) 2011 Three	1,343,600	3,522,725	3,525,050	3,522,125	3,521,750	3,520,000	3,521,000	3,525,500	3,528,625	3,533,750
City of Cordova 2011 Three	58,400	56,600	54,800	57,875	55,625	53,375	56,250	54,000	56,375	
City of Hoonah 2011 Three	112,550	110,075	107,600	114,875	111,625	113,250	90,500	93,125	90,375	92,500
Kodiak Island Borough 2011 Three	298,800	301,350	298,600	300,475	300,975	300,975	301,550	301,625	300,125	298,125
Municipality of Skagway 2011 Three	35,700	35,025	34,350	33,675	37,800	36,800	35,900	35,000	34,000	37,875
City of Seward 2011 Three	159,400	242,275	243,350	244,175	244,300	244,175	244,350	244,275	243,400	242,275
City and Borough of Juneau G. O. Refunding 2012 One	1,319,500	1,323,700	1,319,125	1,091,625						
Juneau Wildflower Court Refunding 2012 One	1,569,700	1,637,075	1,702,025	1,344,900	1,418,125	1,486,925	1,555,825	437,725	484,575	534,966
Juneau 2012 Two	318,000	1,892,250	1,902,150	1,920,400	1,940,250	1,958,400				
City of Ketchikan 2012 Two	357,794	358,344	356,944	354,444	356,644	352,519	352,019	355,894	355,344	354,294
Ketchikan Gateway Borough 2012 Two	135,450	135,450	689,150	686,150	682,350	689,250	681,625			
Kodiak Island Borough 2012 Two	503,550	503,550	1,449,250	1,449,850	1,439,500	1,447,950	1,439,025	1,442,275	1,433,950	1,433,125
City of Nome 2012 Two	52,150	145,725	147,300	148,200	148,900	148,825	147,950	146,825	146,100	150,000
City of North Pole 2012 Two	41,600	36,550	36,550	100,250	102,550	99,400	100,775	101,900	103,200	104,250
City of Palmer 2012 Two	37,550	37,550	111,050	108,050	105,800	108,450	104,850	105,725	106,800	107,625
City of Petersburg 2012 Two	175,400	333,000	494,000	490,600	496,600	491,075	488,125	488,375	489,750	485,250
City and Borough of Sitka 2012 Two	1,061,450	1,058,050	1,455,650	1,456,250	1,460,150	1,456,775	1,455,650	1,456,650	1,451,200	1,453,000
City of Valdez 2012 Two	126,350	126,350	341,950	347,850	348,250	351,850	343,725	340,225	342,550	344,125
Haines Borough 2012 Three	84,208	83,919	87,219	85,981	84,744	82,719	85,344	82,844	85,219	87,344
Juneau 2012 Three Refunding	396,616	903,050	909,050	916,950	918,950	928,250	937,125	948,625	947,875	959,750
Juneau 2012 Three School Construction	1,584,494	1,482,875	1,455,375	1,440,838	1,430,600	1,400,375	1,363,625	1,364,875	1,363,125	1,363,250

Table Continues on Following Page.

Borrower	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Petersburg 2012 Three	104,978	103,925	101,525	104,838	103,050	105,000	101,500	102,875	104,000	104,875
Kenai Peninsula Borough (Bear Creek Fire) 2013 One	83,488	94,020	97,420	95,620	93,820	97,020	94,520	97,520	95,320	93,120
City and Borough of Juneau (Bartlett Hospital) 2013 One	1,680,044	1,656,213	1,652,113	1,657,213	1,659,263	1,665,563	1,661,863	1,661,513	1,666,713	1,665,313
City and Borough of Juneau 2013 One	198,241	204,610	201,010	202,410	203,610	199,610	204,610	200,210	200,810	201,210
Ketchikan Gateway Borough 2013 One	540,621	610,150	608,150	610,550	607,150	608,150	608,400	607,600	611,000	608,400
Kodiak Island Borough 2013 One	1,496,335	1,689,340	1,690,140	1,689,740	1,688,140	1,690,340	1,687,590	1,691,790	1,689,390	1,690,590
City of Sand Point 2013 One	162,822	180,580	183,180	180,580	182,980	180,180	181,680	183,680	180,480	182,280
City and Borough of Sitka (Harbor) 2013 One	272,728	310,700	310,300	309,700	308,900	307,900	310,150	308,550	311,750	309,550
City and Borough of Sitka (Electric) 2013 One	1,557,216	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360
City of Homer 2013 Two	281,953	287,350	289,750	292,050	287,850	288,650	289,300	293,300	291,900	290,300
City of Ketchikan 2013 Two	1,182,650	1,700,400	1,064,400	1,069,500	1,069,200	1,068,450	1,072,250	1,069,850	1,071,650	1,072,450
Kodiak Island Borough 2013 Two	711,253	1,353,688	1,355,538	1,356,788	1,355,988	1,355,888	1,360,188	1,361,588	1,361,788	1,363,038
Municipality of Skagway 2013 Two	66,243	67,550	66,950	71,350	70,300	69,250	68,200	71,800	70,200	68,600
City and Borough of Juneau 2013 Three	0	905,504	902,325	902,475	903,650	905,450	903,650	902,125	902,000	905,000
Kenai Peninsula Borough	0	1,627,504	1,628,725	1,627,300	1,626,550	1,625,550	1,626,600	1,627,325	1,628,500	1,627,675
Lake and Peninsula Borough 2013 Three	0	1,421,220	1,424,450	1,420,088	1,421,950	1,419,850	1,423,900	1,423,250	1,424,250	1,423,500
City and Borough of Sitka 2013 Three	0	1,547,678	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975
Kenai Peninsula Borough 2014 One		2,959,268	2,958,056	2,956,280	2,956,670	2,960,067	2,960,062	2,959,103	2,955,849	2,957,500
Kodiak Island Borough 2014 One		1,776,185	1,775,663	1,777,113	1,774,713	1,772,713	1,775,113	1,772,113	1,776,363	1,773,113
City and Borough of Juneau 2014 One		403,859	403,188	403,838	407,838	404,838	406,538	403,138	404,638	405,638
City of Ketchikan Hospital (G.O.) 2014 Two		1,754,693	1,874,450	1,874,450	2,609,450	2,610,050	2,614,450	2,612,450	2,614,250	2,614,650
City of Ketchikan Harbor (G.O.) 2014 Two		201,538	207,350	209,650	206,800	208,000	209,000	209,800	210,400	210,800
City of King Cove Electric 2014 Two		162,406	162,900	164,300	165,550	165,350	94,950	37,150	36,550	35,950
Total Loan Obligation DS	$62,000,359	$81,405,943	$81,611,480	$81,218,303	$79,297,983	$79,245,823	$75,342,253	$72,621,501	$69,668,075	$69,319,590

APPENDIX D

Summaries of Borrowers Representing 10% or More of Outstanding Principal of Bonds Issued Under the 2005 General Bond Resolution

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Kenai Peninsula Borough - General Fund
General Obligation Financial Summary

Municipal Financial Position	2009	2010	2011	2012	2013	Average	
Property Tax Collections							
Borrower's Property Tax Rate per $1,000	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	
Municipal Levy	$26,779,449	$28,875,124	$29,058,274	$30,419,493	$30,823,497	$58,500,541.80	
Current Year's Collections	$26,431,968	$28,375,677	$28,630,610	$29,946,804	$30,382,636	$57,650,845	
Current Collection Rate	98.70%	98.27%	98.53%	98.45%	98.57%	98.55%	
Total Year's Collections	$26,773,902	$28,863,520	$29,005,996	$30,353,606	$30,382,636	$58,383,843.40	
Total Collection Rate	99.98%	99.96%	99.82%	99.78%	98.57%	99.80%	
General Fund							
Total Ending Fund Balance	$ 25,138,217	$ 23,025,423	$ 21,705,814	$ 21,466,583	$ 23,310,985		
Unreserved Ending Fund Balance	$ 24,604,294	$ 22,864,839	$ 21,454,058	$ 21,268,520	$ 16,296,148	$40,527,575	(1)
Expenditures	$ 69,119,691	$ 70,829,556	$ 72,163,558	$ 71,347,868	$ 72,452,478	$129,385,561	
Fund Balance/Expenditures	36%	32%	30%	30%	22%	30%	
Total Revenues	$ 69,797,834	$ 68,716,762	$ 70,799,893	$ 71,108,637	$ 74,255,493	$129,722,052	
Intergovernmental Revenues	$ 9,477,866	$ 8,987,813	$ 8,538,331	$ 9,749,464	$ 10,392,037	$16,271,826	
Percentage Intergovernmental	14%	13%	12%	14%	14%	13%	
Overall Municipal Debt Position							
Revenue Debt - Governmental Funds	$ -	$ -	$ -	$ -	$ -		
Revenue Debt - Enterprise Funds	$ -	$ -	$ -	$ -	$ -		
Total Revenue Debt	$ -	$ -	$ -	$ -	$ -		
General Obligation Debt - Governmental Funds (General Fund only)	$ 17,904,000	$ 20,364,000	$ 33,910,000	$ 30,230,000	$ 26,820,000		
General Obligation Debt - Enterprise Funds	$ -	$ -	$ -	$ -	$ -		
Total General Obligation Debt	$ 17,904,000	$ 20,364,000	$ 33,910,000	$ 30,230,000	$ 26,820,000		
Total Revenue and General Obligation Debt	$ 17,904,000	$ 20,364,000	$ 33,910,000	$ 30,230,000	$ 26,820,000		
Governmental GO Debt/Assessed Value (mry)	0.30%	0.32%	0.53%	0.46%	0.40%		
Enterprise GO Debt / Assessed Value (mry)	0.00%	0.00%	0.00%	0.00%	0.00%		
Total Revenue and GO Debt/A.V. (mry)	0.30%	0.32%	0.53%	0.46%	0.40%		
General Obligation Debt Per Capita	$338	$380	$612	$536	$473		
Total Revenue and GO Debt Per Capita	$338	$380	$612	$536	$473		

General Economic and Demographic Data	2009	2010	2011	2012	2013	Annual Growth Rate
Population	52,990	53,578	55,400	56,369	56,756	0.69%
Assessed Value	$ 5,966,757,000	$ 6,369,098,000	$ 6,393,531,000	$ 6,633,241,000	$ 6,716,010,000	1.25%
Assessed Value Per Capita	$ 112,602	$ 118,875	$ 115,407	$ 117,675	$ 118,331	
Top 10 Tax Payers as a % of Total Assessed Value	15.77%	15.23%	14.38%	16.18%	15.80%	

(mry): most recent year

(1) 2013 Unreserved Fund Balance is Net of Note Receivable to the City of Homer in the amount of $6,944,837 for installation of natural gas to community, secured by assessments on all benefited properties

Kenai Peninsula Borough
Central Peninsula General Hospital
Financial Summary

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Capital Assets (net of depreciation)	$72,716,010	$68,368,337	$67,842,931	$64,853,893	$69,429,959
Cash	25,957,189	23,561,004	21,700,302	27,803,487	35,197,813
Cash held for Plant Replacement	4,898,777	10,528,599	10,097,241	11,421,461	11,322,729
Restricted Assets	1,174,350	1,241,196	3,584,121	633,493	500,000
Other Assets	16,276,564	18,093,771	19,105,718	29,383,574	29,863,006
Total Assets	121,022,890	121,792,907	122,330,313	134,095,908	146,313,507
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	-	-	-	-	-
GO Bonds Payable	39,775,000	37,920,000	35,990,000	32,255,000	30,130,000
Other Liabilities	14,092,326	14,057,585	10,965,610	18,041,771	18,176,258
Total Liabilities	53,867,326	51,977,585	46,955,610	50,296,771	48,306,258
NET ASSETS	67,155,564	69,815,322	75,374,703	83,799,137	98,007,249
Operating Revenues	77,364,375	88,941,888	101,279,075	116,849,605	123,951,269
Operating Expenses	70,786,938	78,326,691	86,771,449	99,255,770	102,247,165
Depreciation	8,029,758	8,381,029	8,056,595	8,004,562	7,959,305
Operating Income (Loss)	(1,452,321)	2,234,168	6,451,031	9,589,273	13,744,799
Non-Operating Revenue (Expense)	2,486,530	249,199	(1,105,595)	(808,253)	(1,420,030)
Net Income (Loss) Before Contribution	1,034,209	2,483,367	5,345,436	8,781,020	12,324,769
Capital Contributions	1,273,652	176,391	212,945	52,843	2,004,970
Change in Net Assets	2,307,861	2,659,758	5,558,381	8,833,863	14,329,739

CITY AND BOROUGH OF SITKA
GENERAL OBLIGATION FINANCIAL SUMMARY

Municipal Financial Position	2009	2010	2011	2012	2013	Average
Property Tax Collections						
Borrower's Property Tax Rate per $1,000	$6.00	$6.00	$6.00	$6.00	$6.00	$6.00
Municipal Levy	$5,735,000	$5,768,331	$5,799,400	$5,904,617	$5,957,735	$5,833,017
Current Year's Collections	$5,689,030	$5,735,962	$5,753,039	$5,874,918	$5,893,452	$5,789,280
Current Collection Rate	99.20%	99.44%	99.20%	99.50%	98.92%	99.25%
Total Year's Collections	$5,746,123	$5,801,822	$5,807,869	$5,909,321	$5,893,452	$5,831,717
Total Collection Rate	100.19%	100.58%	100.15%	100.08%	98.92%	99.98%
General Fund						
Unreserved Ending Fund Balance	$ 7,193,254	$ 8,853,936	$ 11,508,475	$ 13,584,873	$ 14,268,394	$ 11,081,786
Expenditures	$ 23,817,458	$ 23,597,203	$ 23,260,649	$ 24,075,729	$ 23,691,912	$ 23,688,590
Fund Balance/Expenditures	30%	38%	49%	56%	60%	46.77%
Total Revenues	$ 25,925,306	$ 24,882,306	$ 24,709,916	$ 26,584,728	$ 25,953,885	$ 25,611,228
Intergovernmental Revenues	$ 2,393,157	$ 2,219,501	$ 2,380,298	$ 2,659,323	$ 2,693,860	$ 2,469,228
Percentage Intergovernmental	9%	9%	10%	10%	10%	9.63%
Overall Municipal Debt Position						
Revenue Debt - Enterprise Funds	$ 50,517,063	$ 48,467,078	$ 68,807,401	$ 68,593,411	$ 106,145,822	
Revenue Debt - Governmental Funds	$ 185,250	$ 175,500	$ 165,750	$ 156,000	$ 146,250	
General Obligation Debt - Governmental Funds	$ 34,410,000	$ 32,550,000	$ 36,300,000	$ 32,290,000	$ 31,020,000	
General Obligation Debt - Enterprise Funds	$ -	$ -	$ -	$ -	$ -	
Total General Obligation Debt	$ 34,410,000	$ 32,550,000	$ 36,300,000	$ 32,290,000	$ 31,020,000	
Total Revenue and General Obligation Debt	$ 85,112,313	$ 81,192,578	$ 105,273,151	$ 101,039,411	$ 137,312,072	
Governmental GO Debt/Taxable Assessed Value	3.65%	3.42%	3.69%	3.26%	3.10%	
Total Revenue and GO Debt/A.V.	9.04%	8.52%	10.69%	10.20%	13.72%	
General Obligation Debt Per Capita	$3,989	$3,665	$4,138	$3,607	$3,415	
Total Revenue and GO Debt Per Capita	$9,866	$9,142	$12,000	$11,287	$15,116	

General Economic and Demographic Data	2009	2010	2011	2012	2012	Annual Growth Rate
Population	8,627	8,881	8,773	8,952	9,084	1.47%
Taxable Assessed Value	$ 941,464,880	$ 953,574,685	$ 985,073,129	$ 990,930,238	$ 1,001,066,784	0.59%
Assessed Value Per Capita	$ 109,130	$ 107,372	$ 112,285	$ 110,694	$ 110,201	
Top 10 Tax Payers as a % of Assessed Value	8.36%	8.21%	7.64%	7.57%	7.57%	

City and Borough of Sitka
Electric Enterprise Fund
Financial Summary

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
Assets					
Cash	8,993,721	8,868,159	24,320,421	31,450,650	28,803,187
Restricted Assets	7,376,785	7,149,277	6,871,164	3,595,875	21,197,459
Other Assets	3,602,067	4,256,023	5,010,167	7,266,275	13,897,615
Construction in Progress	2,883,684	5,555,467	11,646,987	18,086,724	58,930,539
Utility Plant in Service	66,094,407	64,914,833	63,103,150	61,775,003	59,900,343
Total Assets	88,950,664	90,743,759	110,951,889	122,174,527	182,729,143
Liabilities and Net Assets					
Liabilities					
Other Liabilities	419,304	636,920	1,722,772	2,477,182	6,355,564
Revenue Bonds Payable	30,395,000	28,090,000	48,700,000	47,570,000	79,485,000
Deferred loss/premium on bonds	(954,781)	(815,343)	1,471,509	(1,711,547)	5,943,338
Revenue Note Payable	9,299,130	9,054,598	8,800,188	8,535,498	7,973,608
Total Liabilities	39,158,653	36,966,175	60,694,469	56,871,133	99,757,510
Net Assets	49,792,011	53,777,584	50,257,420	65,303,394	82,971,633
Operating Revenues	11,846,117	10,852,914	11,401,523	11,611,319	12,077,554
Operating Expenses					
Administrative and General	1,955,508	1,699,737	1,739,698	2,003,768	1,975,492
Operation and Maintenance	4,465,023	4,366,115	5,257,342	5,914,895	5,152,028
Depreciation	1,998,438	1,994,177	1,987,558	1,971,739	1,986,195
Operating Income	3,427,148	2,792,885	2,416,925	1,720,917	2,963,839
Nonoperating revenue (expense)					
Investment Income	642,422	523,298	490,986	459,107	314,600
Interest Expense	(2,469,192)	(2,369,426)	(1,725,198)	(2,848,639)	(1,678,238)
Other	351,823	208,962	-	625,748	572,946
Net Income before contributions and transfers	1,952,201	1,155,719	1,182,713	(42,867)	2,173,147
Capital contributions	603,582	2,853,752	4,039,237	5,266,050	17,169,455
Extraordinary Item:					
Net Pension Obligation Relief	281,345		119,824	139,806	325,771
Transfer In (Out) net	-	(23,898)	-	-	(998,128)
Change In Net Assets	2,837,128	3,985,573	5,341,774	5,362,989	18,670,245
Population of City and Borough	8,627	8,881	8,773	8,952	9,084
# of electric customers	5,257	5,278	5,282	5,309	5,403
KwH Sold	114,866,192	108,739,970	111,795,344	111,048,623	111,155,330
Revenue Bond Debt Service	4,106,690	4,108,407	3,477,959	3,467,567	4,529,240
Revenue Bond Coverage (> 1.25)	1.56	1.34	1.41	1.43	1.27

Note: $1,440,000 transferred into Rate Stabilization Fund in FY2013

Note: Total of rate Stabilization Fund as of June 30, 2013 - $2,151,000

CITY AND BOROUGH OF SITKA
HARBOR ENTERPRISE FUND
FINANCIAL SUMMARY

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Plant In-Service (net of depreciation)	16,108,572	15,465,195	14,789,299	14,122,591	13,550,231
Land	90,000	90,000	90,000	90,000	90,000
Construction Work in Progress	93	317	20,229	57,838	665,476
Cash	1,966,593	3,014,067	3,733,467	4,735,101	6,599,187
Restricted Assets	-	-	-	-	3,615,663
Other Assets	1,217,388	987,099	1,342,572	1,339,389	1,216,385
Total Assets	19,382,646	19,556,678	19,975,567	20,344,919	25,736,942
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	0	0	0	0	4,569,486
Other Liabilities	1,701,930	1,500,637	1,405,227	1,156,003	1,144,138
Total Liabilities	1,701,930	1,500,637	1,405,227	1,156,003	5,713,624
NET ASSETS	17,680,716	18,056,041	18,570,340	19,188,916	20,023,318
Operating Revenues	2,630,220	3,040,330	2,854,858	3,154,885	3,096,419
Operation and Maintenance	2,396,922	2,133,877	2,492,110	2,434,329	1,708,210
Administrative and General	-	-	-	-	
Depreciation	1,048,281	799,254	899,956	986,619	668,511
Operating Income (Loss)	(814,983)	107,199	(537,208)	(266,063)	719,698
Non-Operating Revenue (Expense)	422,169	(183,181)	46,509	155,306	156,844
Net Income (Loss) Before Contribution	(392,814)	(75,982)	(490,699)	(110,757)	876,542
Capital Contributions	317,339	242,186	1,690,873	2,549,949	0
Net Transfers-In (Out)	3,250,000	400,000	3,804,600	675,000	(42,141)
Special item - NPO/OPEB write off	338,771				
Change in Net Assets	3,513,296	566,204	5,004,774	3,114,192	834,401
Population of City	8,627	8,881	8,773	8,952	9,084
Revenue Bond Coverage	No Harbor Bonds	No Harbor Bonds	No Harbor Bonds	No Harbor Bonds	No payments of P&I

CITY AND BOROUGH OF JUNEAU
FINANCIAL SUMMARY
General Governmental Fund

Municipal Financial Position	2009	2010	2011	2012	2013	Average
Property Tax Collections						
Borrower's Property Tax Rate per $1,000	$10.37	$10.60	$10.51	$10.55	$10.55	$10.52
Municipal Levy	$40,446,577	$41,048,853	$40,739,944	$41,751,673	$44,252,019	$41,647,813
Current Year's Collections	$40,159,018	$40,691,450	$40,329,083	$41,431,682	$43,987,108	$41,319,668
Current Collection Rate	99.29%	99.13%	98.99%	99.23%	99.40%	99.21%
Total Year's Collections	$40,159,018	$40,691,450	$40,329,083	$41,431,682	$43,987,108	$41,319,668
Total Collection Rate	99.29%	99.13%	98.99%	99.23%	99.40%	99.21%
General Fund						
Unassigned Plus Emergency Operating Res (GASB#54)	$ 5,479,594	$ 5,714,731	$ 1,729,385	$ 3,438,792	$ 4,374,670	$ 4,147,434
Expenditures	$ 48,556,036	$ 49,158,125	$ 50,540,314	$ 51,283,781	$ 50,497,977	$ 50,007,247
Fund Balance/Expenditures	11.29%	11.63%	3.42%	6.71%	8.66%	8.34%
Total Revenues	$ 67,503,826	$ 66,541,842	$ 66,008,466	$ 50,055,357	$ 52,089,033	$ 60,439,705
Intergovernmental Revenues	$ 14,141,624	$ 12,389,683	$ 14,313,000	$ 15,464,700	$ 15,281,700	$ 14,318,141
Percentage Intergovernmental	21%	19%	22%	31%	29%	24.30%
Overall Municipal Debt Position						
Revenue Debt - Enterprise Funds	$ 47,552,969	$ 46,370,845	$ 45,208,341	$ 43,679,682	$ 41,906,067	
Revenue Debt - Governmental Funds	$ 2,888,891	$ 2,718,662	$ 3,599,575	$ 2,861,747	$ 2,091,457	
General Obligation Debt - Governmental Funds	$ 142,543,000	$ 156,356,000	$ 148,301,000	$ 133,446,000	$ 131,385,000	
General Obligation Debt - Enterprise Funds	$ -	$ -	$ -	$ -	$ -	
Total General Obligation Debt	$ 142,543,000	$ 156,356,000	$ 148,301,000	$ 133,446,000	$ 131,385,000	
Total Revenue and General Obligation Debt	$ 192,984,860	$ 205,445,507	$ 197,108,916	$ 179,987,429	$ 175,382,524	
Governmental GO Debt/Taxable Assessed Value	3.60%	3.98%	3.72%	3.28%	3.07%	
Total Revenue and GO Debt/A.V.	4.87%	5.22%	4.94%	4.42%	4.10%	
General Obligation Debt Per Capita	$4,641	$4,999	$4,742	$4,133	$4,069	
Total Revenue and GO Debt Per Capita	$6,284	$6,569	$6,302	$5,574	$5,431	

General Economic and Demographic Data	2009	2010	2011	2012	2013	Annual
Population	30,711	31,275	31,275	32,290	32,290	3.25%
Taxable Assessed Value	$ 3,964,306,237	$ 3,933,364,442	$ 3,989,344,944	$ 4,071,713,732	$ 4,275,067,217	7.16%
Assessed Value Per Capita	$ 129,084	$ 125,767	$ 127,557	$ 126,098	$ 132,396	
Top 10 Tax Payers as a % of Assessed Value	9.60%	10.52%	13.78%	13.73%	13.82%	

CITY AND BOROUGH OF JUNEAU
HARBOR ENTERPRISE FUND
FINANCIAL SUMMARY

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Plant In-Service (net of depreciation)	$13,081,747	$11,923,364	$13,827,335	$12,844,129	$11,875,368
Construction Work in Progress	27,841,706	29,935,711	29,889,294	33,499,769	42,397,974
Cash	3,299,922	4,470,053	4,728,522	4,660,755	3,466,374
Restricted Assets	9,929,753	7,588,584	10,702,703	11,196,479	10,946,328
Other Assets	1,178,214	866,059	764,741	847,869	543,407
Total Assets	55,331,342	54,783,771	59,912,595	63,049,001	69,229,451
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	10,210,000	9,960,000	9,700,000	9,691,595	9,380,434
Other Liabilities	2,590,015	1,726,240	2,110,290	2,140,909	1,401,365
Total Liabilities	12,800,015	11,686,240	11,810,290	11,832,504	10,781,799
NET ASSETS	42,531,327	43,097,531	48,102,305	51,216,497	58,447,652
Operating Revenues	2,630,220	3,040,330	2,854,858	3,154,885	3,173,272
Operation and Maintenance	2,396,922	2,133,877	2,492,110	2,434,329	2,498,178
Administrative and General	-	-	-	-	-
Depreciation	1,048,281	799,254	899,956	986,619	968,761
Operating Income (Loss)	(814,983)	107,199	(537,208)	(266,063)	(293,667)
Non-Operating Revenue (Expense)	422,169	(183,181)	46,509	155,306	(214,686)
Net Income (Loss) Before Contribution	(392,814)	(75,982)	(490,699)	(110,757)	(508,353)
Capital Contributions	317,339	242,186	1,690,873	2,549,949	7,392,466
Net Transfers-In (Out)	3,250,000	400,000	3,804,600	675,000	500,000
Special item - NPO/OPEB write off	338,771				
Change in Net Assets	3,513,296	566,204	5,004,774	3,114,192	7,384,113
Population of City	30,711	31,275	31,275	32,290	32,290
Revenue Bond Coverage	1.67	2.19	1.19	1.79	1.21

CITY AND BOROUGH OF JUNEAU
PORT DEVELOPMENT SPECIAL REVENUE FUND
FINANCIAL SUMMARY

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Plant In-Service (net of depreciation)					
Construction Work in Progress					
Cash	2,408,558	3,414,679	4,428,233	(208,085)	(252,013)
Restricted Assets					-
Other Assets	177,056	273,317	314,814	269,712	484,639
Total Assets	2,585,614	3,687,996	4,743,047	61,627	232,626
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	-	-	-	-	-
Other Liabilities	-	-	-	-	151,020
Total Liabilities	-	-	-	-	151,020
NET ASSETS	2,585,614	3,687,996	4,743,047	61,627	81,606
Operating Revenues	3,033,882	2,856,882	2,557,851	2,634,080	2,825,479
Operation and Maintenance	4,500	4,500	2,800	5,500	5,500
Administrative and General	-	-	-	-	-
Depreciation	-	-	-	-	-
Operating Income (Loss)	3,029,382	2,852,382	2,555,051	2,628,580	2,819,979
Non-Operating Revenue (Expense)	-	-	-	-	-
Net Income (Loss) Before Contribution	3,029,382	2,852,382	2,555,051	2,628,580	2,819,979
Capital Contributions	-	-	-	-	-
Net Transfers-In (Out)	(1,750,000)	(1,750,000)	(1,500,000)	(7,310,000)	(2,800,000)
Change in Net Assets	1,279,382	1,102,382	1,055,051	(4,681,420)	19,979
Population of City	30,711	31,275	31,275	32,290	32,290
Revenue Bond Coverage	N/A	N/A	N/A	N/A	N/A

Note: From 2009 - 2013 the Transfers Out were to Dock/Port capital projects. Starting in 2014 the Transfer Out will be to the Debt service fund sufficient to cover the Cruise Berth Expansion Revenue bonds issued through the Bond Bank.

City and Borough of Juneau
Conduit Debt
WILDFLOWER COURT (A not for profit organziation)
FINANCIAL SUMMARY

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Plant In-Service	6,520,271	5,674,338	4,909,305	4,620,999	4,734,678
Cash	1,500,220	1,255,867	1,582,128	1,752,043	1,437,085
Restricted Assets	1,760,358	1,735,178	1,707,402	2,170,928	1,489,365
Other Assets	1,142,642	1,312,915	1,399,517	1,444,749	1,786,787
Total Assets	10,923,491	9,978,298	9,598,352	9,988,719	9,447,915
LIABILITIES AND NET ASSETS					
Bond Debt	14,250,000	13,650,000	13,050,000	11,705,000	11,596,229
Other Liabilities	872,825	878,190	904,428	2,052,663	1,132,323
Total Liabilities	15,122,825	14,528,190	13,954,428	13,757,663	12,728,552
NET ASSETS (DEFICIT)	(4,199,334)	(4,549,892)	(4,356,076)	(3,768,944)	3,280,637
Operating Revenues	10,290,008	10,361,609	10,859,195	10,841,324	11,057,791
Operating Expenses	9,302,040	9,802,944	9,894,353	9,594,317	9,666,530
Depreciation	951,871	937,147	832,579	780,765	935,669
Operating Income (Loss)	36,097	(378,482)	132,263	466,243	455,592
Non-Operating Revenue (Expense)	47,465	27,924	61,553	120,890	32,713
Change in Net Assets	83,562	(350,558)	193,816	587,132	488,305
Revenue Bond Coverage	1.27	1.01	1.33	1.32	1.12

The Bond Bank has received notification from senior management of Wildflower Court that for calendar year 2013 Wildflower Court fell short of the required debt service coverage ratio of 1.15 times. Per section 5.1(b) of the loan agreement between the City and Borough of Juneau and Wildflower Court, a written report is being prepared to identify measures to return the facility to compliance with the debt service coverage requirement of the loan agreement.

CITY AND BOROUGH OF JUNEAU
BARTLETT REGIONAL HOSPITAL
FINANCIAL SUMMARY

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Plant In-Service (net of depreciation)	$71,272,745	$74,736,663	$72,772,410	$74,566,327	$74,002,798
Construction Work in Progress	8,224,160	3,126,611	6,866,781	6,202,224	2,826,314
Cash	16,297,926	18,036,202	14,990,308	17,386,169	26,113,833
Restricted Assets	5,462,944	8,555,051	10,160,114	6,549,498	5,490,768
Other Assets	17,751,193	20,549,937	23,011,263	23,462,113	25,230,206
Total Assets	119,008,968	125,004,464	127,800,876	128,166,331	133,663,919
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	26,740,000	26,165,000	25,570,000	24,926,795	25,304,679
Other Liabilities	10,484,387	11,066,147	11,391,053	8,999,867	8,829,067
Total Liabilities	37,224,387	37,231,147	36,961,053	33,926,662	34,133,746
NET ASSETS	81,784,581	87,773,317	90,839,823	94,239,669	99,530,173
Operating Revenues	76,333,369	82,640,681	90,680,836	95,026,373	84,250,207
Operation and Maintenance	66,831,133	72,975,632	83,883,389	89,411,913	76,967,444
Administrative and General	-	-	-	-	-
Depreciation	5,474,872	6,270,565	6,552,177	7,145,290	7,001,295
Operating Income (Loss)	4,027,364	3,394,484	245,270	(1,530,830)	281,468
Non-Operating Revenue (Expense)	243,415	911,555	1,579,634	3,306,366	4,119,820
Net Income (Loss) Before Contribution	4,270,779	4,306,039	1,824,904	1,775,536	4,401,288
Capital Contributions	870,700	536,697	89,002	471,910	134,658
Net Transfers-In (Out)	1,103,000	1,146,000	1,152,600	1,152,400	1,123,000
Special item - NPO/OPEB write off	1,006,456				
Change in Net Assets	7,250,935	5,988,736	3,066,506	3,399,846	5,658,946
Population of City	30,711	31,275	31,275	32,290	32,290
Revenue Bond Coverage	5.07	5.15	3.63	3.00	4.33

Kodiak Island Borough
FINANCIAL SUMMARY
General Governmental Fund

Municipal Financial Position	2009	2010	2011	2012	2013	Average
Property Tax Collections - area-wide						
Borrower's Property Tax Rate per $1,000	$10.50	$10.50	$10.50	$10.75	$10.75	$10.60
Municipal Levy	$10,231,461	$10,879,276	$11,536,758	$13,255,665	$13,581,524	$11,896,937
Current Year's Collections	$10,201,209	$10,487,467	$11,499,457	$13,038,077	$13,477,005	$11,740,643
Current Collection Rate	99.70%	96.40%	99.68%	98.36%	99.40%	98.71%
Total Year's Collections	$10,226,100	$10,870,787	$11,540,473	$13,191,303	$13,477,005	$11,861,134
Total Collection Rate	99.95%	99.92%	100.03%	99.51%	99.23%	99.73%
General Fund						
Unassigned Plus Emergency Operating Res (GASB#54)	$ 3,124,289	$ 1,952,757	$ 3,126,037	$ 3,438,792	$ 3,340,662	$ 2,996,507
Expenditures	$ 14,533,955	$ 14,893,366	$ 15,514,460	$ 5,339,372	$ 6,022,413	$ 11,260,713
Fund Balance/Expenditures	21.50%	13.11%	20.15%	64.40%	55.47%	34.93%
Total Revenues	$ 15,816,251	$ 15,630,927	$ 16,642,842	$ 7,080,462	$ 6,950,002	$ 12,424,097
Intergovernmental Revenues	$ 4,461,624	$ 4,123,507	$ 3,642,009	$ 4,425,447	$ 4,787,308	$ 4,287,979
Percentage Intergovernmental	28%	26%	22%	63%	69%	41.57%
Overall Municipal Debt Position						
Revenue Debt - Enterprise Funds	$ 1,864,503	$ 1,989,995	$ 2,735,778	$ 7,603,249	$ 36,104,676	
Revenue Debt - Governmental Funds	$ -	$ -	$ -	$ -	$ -	
General Obligation Debt - Governmental Funds	$ 32,534,424	$ 29,838,432	$ 35,124,211	$ 33,510,913	$ 55,236,114	
General Obligation Debt - Enterprise Funds	$ -	$ -	$ -	$ -	$ -	
Total General Obligation Debt	$ -	$ -	$ -	$ -	$ -	
Total Revenue and General Obligation Debt	$ 34,398,927	$ 31,828,427	$ 37,859,989	$ 41,114,162	$ 91,340,790	
Governmental GO Debt/Taxable Assessed Value	3.74%	3.27%	3.55%	3.24%	5.03%	
Total Revenue and GO Debt/A.V.						
General Obligation Debt Per Capita	$2,347	$2,194	$2,532	$2,401	$3,996	
Total Revenue and GO Debt Per Capita						
General Economic and Demographic Data	**2009**	**2010**	**2011**	**2012**	**2013**	**Annual**
Population	13,860	13,592	13,870	14,041	13,824	-0.33%
Taxable Assessed Value	$ 870,472,985	$ 913,014,985	$ 988,879,125	$ 1,039,223,833	$ 1,085,968,280	9.82%
Assessed Value Per Capita	$ 62,805	$ 67,173	$ 71,296	$ 74,014	$ 78,557	
Top 10 Tax Payers as a % of Assessed Value	10.20%	10.60%	10.60%	10.30%	11.60%	

Kodiak Island Borough
Municipal Solid Waste and Disposal
FINANCIAL SUMMARY

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Current Assets	$6,156,829	$6,954,692	$7,442,711	$10,071,828	$12,855,993
Capital Assets (net of depreciation)	5,603,019	5,474,186	6,204,668	8,933,653	13,848,633
Total Assets	11,759,848	12,428,878	13,647,379	19,005,481	26,704,626
LIABILITIES AND NET ASSETS					
Current Liabilities	876,909	847,985	668,919	990,438	3,414,884
Non-Current Liabilites	6,254,867	6,747,622	7,868,121	12,746,194	12,475,974
Total Liabilities	7,131,776	7,595,607	8,537,040	13,736,632	15,890,858
Total Net Assets	4,628,072	4,833,271	5,110,339	5,268,849	10,813,768
Operating Revenues	3,603,995	4,325,274	2,383,275	2,301,757	2,515,743
Operating expenses	3,649,291	4,012,660	1,727,395	1,988,207	1,984,221
depreciation	270,153	270,488	280,516	289,927	293,913
Operating Income (Loss)	(315,449)	42,126	375,364	23,623	237,609
Non-Operating Revenue (Expense)	245,937	149,573	(111,796)	121,387	5,188,072
Net Income (Loss) Before Contribution	(69,512)	191,699	263,568	145,010	5,425,681
Capital Contributions	0	0	0	0	0
Net Transfers-In (Out)	6,450	13,500	13,500	13,500	13,500
Extraordinary item	336,458				
Change in Net Position	273,396	205,199	277,068	158,510	5,439,181
Population of Borough	13,860	13,592	13,870	14,041	13,824
Revenue Bond Coverage*	N/A	N/A	N/A	4.64	1.78

* The Borough began paying debt service on it's landfill debt in fiscal year 2013.

Kodiak Island Borough
Revenue Bond
Long Term Care Center - Hospital Enterprise Fund
FINANCIAL SUMMARY

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
ASSETS					
Plant In-Service	$21,732,791	$21,193,181	$20,354,693	$19,667,905	$23,636,671
Cash	12,466	807,424	1,494,282	2,091,394	18,036,366
Other Assets	394,946	398,207	279,587	366,593	587,276
Total Assets	22,140,203	22,398,812	22,128,562	22,125,892	42,260,313
LIABILITIES AND NET ASSETS					
Bond Debt	0	0	0	0	18,817,320
Other Liabilities	1,916,462	1,258,899	1,214,261	1,241,744	2,057,283
Total Liabilities	1,916,462	1,258,899	1,214,261	1,241,744	20,874,603
NET ASSETS (DEFICIT)	20,223,741	21,139,913	20,914,301	20,884,148	21,385,710
Operating Revenues	720,000	720,000	720,000	780,000	720,000
Operating Expenses	6,228	5,045	5,000	12,130	10,000
Depreciation	929,555	872,858	868,240	853,229	845,191
Operating Income (Loss)	(215,783)	(157,903)	(153,240)	(85,359)	(135,191)
Non-Operating Revenue (Expense)	3,465,536	1,074,075	(72,372)	55,206	636,753
Change in Net Assets	3,249,753	916,172	(225,612)	(30,153)	501,562
Revenue Bond Coverage*	N/A	N/A	N/A	N/A	N/A

* The Borough will not begin paying debt service on it's long-term care facility debt until fiscal year 2014. Debt service on the long-term care facility will be paid from lease payments from Providence Kodiak Island Medical Center. Those lease payments will be increased in 2014 and beyond to reflect debt service on the long-term care facility.

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APPENDIX E

Financial Statements of the Alaska Municipal Bond Bank for the Year Ended June 30, 2013

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ALASKA MUNICIPAL BOND BANK AUTHORITY
(a Component Unit of the State of Alaska)

Financial Statements

For the Year Ended June 30, 2013

Together with Independent Auditor's Report Thereon

ALASKA MUNICIPAL BOND BANK AUTHORITY
(a Component Unit of the State of Alaska)

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ALASKA MUNICIPAL BOND BANK AUTHORITY
(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

This Management's Discussion and Analysis (MD&A) is required by GASB Statement 34, a standard established by the Governmental Accounting Standards Board. This section is intended to make the financial statements more understandable to the average reader who is not familiar with traditional accounting terminology.

This financial report has two integral parts: this MD&A and the financial statements with the accompanying notes that follow. Together, they present the Alaska Municipal Bond Bank Authority's (Bond Bank) financial performance during the fiscal year ended June 30, 2013. Summarized prior fiscal year information is shown within this MD&A, as needed, for comparative purposes.

Required Financial Statements

GASB 34 requires two types of financial statements: the Statement of Net Position and Governmental Fund Balance Sheets and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Net Position. These statements report financial information about the Bond Bank's activities using accounting principles generally accepted in the United States of America. In addition to the basic financial statements, the Notes to Financial Statements provide information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

During fiscal year 2013, the Bond Bank entered into 17 municipal loan agreements for projects in 10 communities, resulting in $153.5 million in bonds being issued. $25 million of the current year issuances were used to defease older general obligation and revenue bonds. Bond Bank bond activity in FY2013 resulted in approximate present value savings of $19.8 million to the borrowing communities. In comparison, the Bond Bank's activity level and community benefit in FY2012 was an issuance of $149.4 million to fund 19 community projects and provided present value savings of $17.2 million to borrowing communities.

During Fiscal Year 2013, the Bond Bank defeased the remaining principal reserve obligations of the 1976 Resolution reserves and released the excess funds to its custodial account. The total transfer of excess funds to the Bond Bank's custodial account in August 2012 was approximately $16 million.

Statement of Net Position

The Statement of Net Position reports assets, liabilities and net position of the Bond Bank.

Assets

Assets represent 1) The value of the Bond Bank's investments and investment income receivable on the financial statement dates, recorded at fair market value, and 2) Bond principal and interest payments receivable from municipalities. The investments generate income for the Bond Bank, used to meet reserve requirements and pay operating costs. Historically excess operating account earnings were transferred to the State of Alaska's (State) general fund each year. The fiscal year ending June 30, 2013 marked the sixth consecutive year that the State operating budget has appropriated any excess earnings of the operating account to the Bond Bank's reserve fund (HB 65, Sec. 28). Interest received on bonds purchased from municipalities is used to pay the Bond Bank's corresponding interest payments on the bonds that it has issued.

Liabilities

Liabilities represent claims against the fund for 1) goods and services provided before the financial statement date but not yet paid for at that date, and 2) interest and bond payments due to purchasers of the Bond Bank's bonds after the financial statement date.

Restricted and Unrestricted Net Position

Net position is comprised of two components. The restricted portion reflects monies maintained in separate trust accounts where their use is limited by applicable bond covenants for repayment of bonds. The unrestricted portion reflects monies that are available for any authorized purpose of the Bond Bank.

The following table shows the value of Bond Bank assets summarized as of June 30, 2013 and 2012, as well as liabilities and net position:

	As of June 30,		Changes from 2012 to 2013 Increase/(Decrease)	
	2013	2012	Dollars	Percent
Assets:				
Cash and investments	$ 76,930,862	$ 86,872,475	$ (9,941,613)	-11.44%
Bonds and bond interest receivable	804,503,292	720,187,057	84,316,235	11.71%
Total assets	881,434,154	807,059,532	74,374,622	9.22%
Liabilities:				
Accounts payable and accrued liabilities	1,106,446	1,762,342	(655,896)	-37.22%
Bonds and bond interest payable	822,928,810	744,497,389	78,431,421	10.53%
Total liabilities	824,035,256	746,259,731	77,775,525	10.42%
Net Position:				
Restricted	43,084,377	46,808,431	(3,724,054)	-7.96%
Unrestricted	14,314,521	13,991,370	323,151	2.31%
Total net position	$ 57,398,898	$ 60,799,801	$ (3,400,903)	-5.59%

The Bond Bank's investments are all held in U.S. Government securities.

The increase in bonds and bond interest receivable, as well as in bonds and bond interest payable, reflects the issuance of approximately $153.5 million in new bonds and loans during the year, net of principal payments on bonds previously issued of approximately $52 million, and bond defeasances of approximately $25 million.

Included in the restricted net position are Bond Bank funds placed into separate accounts in accordance with the reserve requirements of each bond indenture. A portion of the decrease represents the diminishment in reserve requirement due to an amendment to the 1976 Resolution.

Statement of Activities

The statement of activities shows how the Bond Banks' net position changed during the most recent fiscal year.

Revenues
Revenues include total return on investments and interest payments received from municipalities. Earnings on investments include interest on fixed income marketable securities and the change in fair market value of those investments.

Expenses
Expenses include interest payments made to bond holders who purchased the Bond Bank's bonds, payments made to the State of Alaska and operating expenses. Operating expenses include all expenditures required to issue bonds during the current year and include in-house expenses, as well as external consultant fees. Expenses are subtracted from revenues.

The following is a condensed statement of the Bond Banks' changes in net position:

	As of June 30,		Changes from 2012 to 2013 Increase/(Decrease)	
	2013	2012	Dollars	Percent
Revenues:				
Interest income on bonds receivable	$ 33,822,568	$ 31,546,543	$ 2,276,025	7.21%
Investment earnings	74,580	1,829,271	(1,754,691)	-95.92%
Total income	33,897,148	33,375,814	521,334	1.56%
Expenses:				
Interest expense on bonds payable	35,329,425	32,806,291	2,523,134	7.69%
Operating expenses	723,116	531,544	191,572	36.04%
Total expenses	36,052,541	33,337,835	2,714,706	8.14%
Other financing sources				
Loan forgiveness - IFA bonds	(1,245,510)	-	(1,245,510)	-100.00%
Transfers from primary government	-	14,500,000	(14,500,000)	-100.00%
Change in net position	(3,400,903)	14,537,979	(17,938,882)	-123.39%
Net position, beginning of period	60,799,801	46,261,822	14,537,979	31.43%
Net position, end of period	$ 57,398,898	$ 60,799,801	$ (3,400,903)	-5.59%

Interest income and expense on bonds receivable and payable are a function of the total amount of bonds outstanding, the age of the bonds and the interest rates at which they are issued. The increases in both of these line items of $2.3 million (interest income) and $2.5 million (interest expense) are consistent with the increase in bond receivable and payable balances, respectively.

Investment earnings are a function of market conditions. The Bond Bank uses other assets to subsidize debt service during times of low investment returns in bond reserve funds. The decrease in net position is

primarily due to lower investment earnings, IFA bond loan forgiveness, and increased interest expense due to new bond issuances and cash defeasance of reserve obligations.

Governmental Funds

The governmental funds include the General Fund, which accounts for the primary operations of the Bond Bank, and the Debt Service Fund, which accounts for the resources accumulated and payments made on the long-term debt of the Bond Bank. The primary difference between the governmental funds balance sheet and the statement of net position is the elimination of inter-fund payables and receivables. Bond proceeds are reported as other financing source in the governmental funds statement of revenues and expenses and this contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of debt principal is recorded as expenditure in the governmental funds statement of revenues and expenses and reduces the liability in the statement of net assets.

The following tables show governmental funds' condensed balance sheets and statements of revenues, expenditures and changes in fund balances.

General Fund

	As of June 30,		Changes from 2012 to 2013 Increase/(Decrease)	
	2013	2012	Dollars	Percent
Assets:				
Cash, investments and related accrued interest	$ 23,423,264	$ 7,568,286	$ 15,854,978	209.49%
Bonds and bond interest receivable	2,102,377	2,639,101	(536,724)	-20.34%
Interfund receivable	3,307,959	5,641,565	(2,333,606)	-41.36%
Total assets	28,833,600	15,848,952	12,984,648	81.93%
Liabilities:				
Accounts payable and accrued liabilities	299,699	97,007	202,692	208.95%
Fund Balance:				
Restricted for debt service	13,016,771	1,689,200	11,327,571	670.59%
Unassigned	15,517,130	14,062,745	1,454,385	10.34%
Total fund balance	28,533,901	15,751,945	12,781,956	81.15%
Total liabilities and fund balance	$ 28,833,600	$ 15,848,952	$ 12,984,648	81.93%

Debt Service Fund

	As of June 30,		Changes from 2012 to 2013 Increase/(Decrease)	
	2013	2012	Dollars	Percent
Assets:				
Cash, investments and related accrued interest	$ 53,507,598	$ 79,304,189	$ (25,796,591)	-32.53%
Bonds and bond interest receivable	802,400,915	717,547,956	84,852,959	11.83%
Total assets	855,908,513	796,852,145	59,056,368	7.41%
Liabilities:				
Accounts payable and accrued liabilities	806,747	1,665,335	(858,588)	-51.56%
Interfund payables	3,307,959	5,641,565	(2,333,606)	-41.36%
Total liabilities	4,114,706	7,306,900	(3,192,194)	-43.69%
Fund Balance:				
Restricted for debt service	851,793,807	789,545,245	62,248,562	7.88%
Total liabilities and fund balance	$ 855,908,513	$ 796,852,145	$ 59,056,368	7.41%

General Fund

	As of June 30,		Changes from 2012 to 2013 Increase/(Decrease)	
	2013	2012	Dollars	Percent
Revenues:				
Interest income	$ 22,221	$ 120,837	$ (98,616)	-81.61%
Expenditures:				
Operating expenses	723,116	531,544	191,572	36.04%
Excess (deficiency) of revenues over expenditures	(700,895)	(410,707)	(290,188)	-70.66%
Other financing sources (uses) - transfers	13,482,851	1,970,774	11,512,077	584.14%
Excess (deficiency) of revenues and transfers over expenditures	12,781,956	1,560,067	11,221,889	719.32%
Fund balance, beginning of period	15,751,945	14,191,878	1,560,067	10.99%
Fund balance, end of period	$ 28,533,901	$ 15,751,945	$ 12,781,956	81.15%

Debt Service Fund

	As of June 30,		Changes from 2012 to 2013 Increase/(Decrease)	
	2013	2012	Dollars	Percent
Revenues:				
Interest income on bonds receivable	$ 33,760,463	$ 31,516,916	$ 2,243,547	7.12%
Investment earnings	114,464	1,738,061	(1,623,597)	-93.41%
Total revenues	33,874,927	33,254,977	619,950	1.86%
Expenditures:				
Interest payments	33,406,972	33,020,882	386,090	1.17%
Principal payments	52,031,032	57,902,061	(5,871,029)	-10.14%
Total expenditures	85,438,004	90,922,943	(5,484,939)	-6.03%
Excess (deficiency) of revenues over expenditures	(51,563,077)	(57,667,966)	6,104,889	10.59%
Other financing sources (uses):				
Bond proceeds	153,490,000	149,405,000	4,085,000	2.73%
Loan proceeds	-	7,000,000	(7,000,000)	-100.00%
Payments to Bond Escrow Agent	(24,950,000)	(82,360,000)	57,410,000	69.71%
Loan forgiveness - IFA bonds	(1,245,510)	-	(1,245,510)	-100.00%
Transfers	(13,482,851)	12,529,226	(26,012,077)	-207.61%
Total other financing sources (uses):	113,811,639	86,574,226	27,237,413	31.46%
Excess of revenues and transfers over expenditures	62,248,562	28,906,260	33,342,302	115.35%
Fund balance, beginning of period	789,545,245	760,638,985	28,906,260	3.80%
Fund balance, end of period	$ 851,793,807	$ 789,545,245	$ 62,248,562	7.88%

Long-term Debt

At June 30, 2013 the Bond Bank had $812,136,495 of bonds and notes outstanding up 10.4% from $735,627,527 at June 30, 2012. This debt is secured by the assets of the Bond Bank, except for the Coastal Energy notes payable, see note (5) to the financial statements.

As discussed in the previous sections, net increase in 2013 long term debt balances is due to new bond issuances for loans to communities.

Outstanding long term debt is comprised of the following bonds and loans at year end:

	As of June 30,		Changes from 2012 to 2013 Increase/(Decrease)	
	2013	2012	Dollars	Percent
GO bonds payable	$ 783,545,000	$ 677,075,000	$ 106,470,000	15.72%
Revenue bonds payable	18,010,000	47,870,000	(29,860,000)	-62.38%
Coastal Energy notes payable	10,581,495	10,682,527	(101,032)	-0.95%
	$ 812,136,495	$ 735,627,527	$ 76,508,968	10.40%

Contacting the Bond Bank's Financial Management

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Bond Bank's finances and to demonstrate the Bond Bank's accountability of its assets. If you have any questions about this report or need additional financial information, contact the Executive Director of the Bond Bank at (907) 465-3409.

Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

To the Board of Directors
Alaska Municipal Bond Bank Authority
Juneau, Alaska

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and each major fund of the Alaska Municipal Bond Bank Authority (the Authority), a component unit of the State of Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Alaska Municipal Bond Bank Authority, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I-VII be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Municipal Bond Bank Authority's basic financial statements. The supplemental schedule of statutory reserve accounts – assets, liabilities and account reserves are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

September 30, 2013
Anchorage, Alaska

ALASKA MUNICIPAL BOND BANK AUTHORITY
(a Component Unit of the State of Alaska)

Statement of Net Position and
Governmental Funds Balance Sheets

June 30, 2013

	General Fund	Debt Service Fund	Total	Adjustments (Note 7)	Statement of Net Position
ASSETS					
Cash and cash equivalents	$ 1,625,090	$ 5,413,938	$ 7,039,028	$ -	$ 7,039,028
Investments, at fair value (note 4)	21,740,707	47,866,436	69,607,143	-	69,607,143
Accrued interest receivable:					
Bonds receivable	1,867	10,564,420	10,566,287	-	10,566,287
Investment securities	57,467	227,224	284,691	-	284,691
Bonds receivable (note 5)	2,100,510	791,836,495	793,937,005	-	793,937,005
Interfund receivables	3,307,959	-	3,307,959	(3,307,959)	-
Total assets	$ 28,833,600	$ 855,908,513	$ 884,742,113	(3,307,959)	881,434,154
LIABILITIES					
Accounts payable	$ 299,699	$ -	$ 299,699	-	299,699
Principle and interest payments received in advance	-	806,747	806,747	-	806,747
Accrued interest payable	-	-	-	10,792,315	10,792,315
Interfund payables	-	3,307,959	3,307,959	(3,307,959)	-
Long-term liabilities (notes 5 and 6):					
Portion due or payable within one year:					
General obligation bonds payable	-	-	-	42,980,000	42,980,000
Revenue bonds payable	-	-	-	1,195,000	1,195,000
Other long-term debt	-	-	-	4,405,166	4,405,166
Portion due or payable after one year:					
General obligation bonds payable	-	-	-	740,565,000	740,565,000
Revenue bonds payable	-	-	-	16,815,000	16,815,000
Other long-term debt	-	-	-	6,176,329	6,176,329
Total liabilities	299,699	4,114,706	4,414,405	819,620,851	824,035,256
FUND BALANCES/NET POSITION					
Fund balances:					
Restricted (note 2)	13,016,771	851,793,807	864,810,578	(864,810,578)	-
Unassigned	15,517,130	-	15,517,130	(15,517,130)	-
Total fund balances	28,533,901	851,793,807	880,327,708	(880,327,708)	-
Total liabilities and fund balances	$ 28,833,600	$ 855,908,513	$ 884,742,113		
Net position:					
Restricted (note 2)				43,084,377	43,084,377
Unrestricted				14,314,521	14,314,521
Total net position				$ 57,398,898	$ 57,398,898

The accompanying notes to the financial statements are an integral part of these statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY
(a Component Unit of the State of Alaska)

Statement of Activities and
Governmental Funds Statements of Revenues, Expenditures, and
Changes in Fund Balances/Net Position

For the Year Ended June 30, 2013

	General Fund	Debt Service Fund	Total	Adjustments (Note 7)	Statement of Activities
Revenues:					
Investment earnings	$ (39,884)	$ 114,464	$ 74,580	$ -	$ 74,580
Interest income on bonds receivable	62,105	33,760,463	33,822,568	-	33,822,568
Total revenues	22,221	33,874,927	33,897,148	-	33,897,148
Expenditures / expenses:					
Debt service:					
Principal payments	-	52,031,032	52,031,032	(52,031,032)	-
Interest payments / expense	-	33,406,972	33,406,972	1,922,453	35,329,425
Professional services	524,913	-	524,913	-	524,913
Personal services	154,190	-	154,190	-	154,190
Administrative travel	29,227	-	29,227	-	29,227
Office expense	14,786	-	14,786	-	14,786
Total expenditures / expenses	723,116	85,438,004	86,161,120	(50,108,579)	36,052,541
Excess (deficiency) of revenues over expenditures / expenses	(700,895)	(51,563,077)	(52,263,972)	50,108,579	(2,155,393)
Other financing source / (uses):					
Proceeds of bonds payable	-	128,585,000	128,585,000	(128,585,000)	-
Proceeds from bond refunding	-	24,905,000	24,905,000	(24,905,000)	-
Payments to bond escrow agent	-	(24,950,000)	(24,950,000)	24,950,000	-
Loan forgiveness - IFA bonds	-	(1,245,510)	(1,245,510)	-	(1,245,510)
Transfers to/from Custodial Fund	13,258,081	(13,258,081)	-	-	-
Transfers - internal activities	224,770	(224,770)	-	-	-
Total other financing sources / (uses)	13,482,851	113,811,639	127,294,490	(128,540,000)	(1,245,510)
Net change in fund balance / net position	12,781,956	62,248,562	75,030,518	(78,431,421)	(3,400,903)
Fund balances / net position:					
Beginning of the year	15,751,945	789,545,245	805,297,190	(744,497,389)	60,799,801
End of the year	$ 28,533,901	$ 851,793,807	$ 880,327,708	$ (822,928,810)	$ 57,398,898

The accompanying notes to the financial statements are an integral part of these statements.

(1) History/Reporting Entity

The Alaska Municipal Bond Bank Authority (Authority or Bond Bank) was created pursuant to Alaska Statute, Chapter 85, Title 44, as amended, (Act) as a public corporation and instrumentality of the State of Alaska (State), but with a legal existence independent of and separate from the State. The Authority is a discretely presented component unit of the State of Alaska for purposes of financial reporting.

The Authority was created for the purpose of making moneys available to municipalities within the State to finance capital projects or for other authorized purposes by means of issuance of bonds by the Authority and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds. The Authority commenced operations in August 1975.

The bonds are obligations of the Authority, payable only from revenues or funds of the Authority, and the State of Alaska is not obligated to pay principal or interest thereon, and neither the faith and credit nor the taxing power of the State is pledged to the bonds. The municipal bonds and municipal bond payments, investments thereof and proceeds of such investments, if any, and all funds and accounts established by the bond resolution to be held by the Trustee (with the exception of the Coastal Energy Loan Debt Service Program, which is administered by the Authority) are pledged and assigned for the payment of bonds.

AS 44.85.180(c) was enacted in 1975, limiting Bond Bank outstanding bonds at any time to $150 million. This Statue has been periodically amended to raise the limit. In fiscal year 2013, the limit is $1 billion. Total Bond Bank bonds and notes outstanding as of June 30, 2013 are approximately $812.1 million. Thus, the limit on additional bond issuance as of June 30, 2013 is approximately $187.9 million.

(2) Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Authority's accounting policies are described below.

(a) Government-wide and Fund Financial Statements

The government-wide statement of net position and the statement of activities report information on all of the activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. The balance sheet and statement of revenues, expenditures and changes in fund balances are provided for governmental funds.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of* accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of

the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund. The Authority adopts an annual budget for the operating account only which does not encompass entire operations of the General Fund, therefore, budgetary comparison information for the General Fund is not presented.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the Authority. The Authority does not adopt a budget for the Debt Service Fund because it is not legally required to do so.

The purposes of each of these funds are described in the following paragraphs:

General Fund

The General Fund is comprised of a Custodian Account and an Operating Account. The Custodian Account is established to account for appropriations by the State of Alaska Legislature available to fund the Special Reserve Accounts. The Operating Account is established to account for the ordinary operations of the Authority. Moneys are derived from the following sources: (a) amounts appropriated by the Legislature, (b) fees and charges collected, (c) income on investments of the Statutory Reserve Account in excess of required debt service reserves required by bond resolutions and (d) any other moneys made available for purposes of the General Fund from any other source.

Amounts in the Operating Account may be used to pay (a) administrative expenses of the Authority, (b) fees and expenses of the Trustee and paying agents, (c) financing costs incurred with respect to issuance of bonds and (d) any expenses in carrying out any other purpose then authorized by the Act. The excess revenues of the Operating Account are returned to the State of Alaska. The State of Alaska may appropriate the excess revenues to the Bond Bank Custodian Account to fund Reserve Accounts.

Debt Service Fund

Within the Debt Service Fund, separate Debt Service Programs have been established for each bond resolution to account for the portion of bond sale proceeds used to purchase obligations of the municipalities and for the payment of interest and principal on all bonds of the Authority issued under its resolutions. Each program is comprised of an "interest account" and a "principal account", both of which are maintained by a trustee. The receipts of interest and principal from the municipalities and the Statutory Reserve Account are deposited in these programs and are used to pay interest and principal on the Authority bonds. One additional Debt Service Program has been established to account for transactions not involving bond resolutions. This is the Coastal Energy Loan Debt Service Program. The Coastal Energy Loan Debt Service Program is not maintained by a trustee. Payments of interest and principal by municipalities having coastal energy loans are made directly to the federal government by the municipalities and are accounted for in the Coastal Energy Loan Debt Service Program.

Each debt service fund program contains a Statutory Reserve Account established to account for (a) money available to fund debt service reserves required by future bond sales under various bond resolutions (Custodian Account) and (b) debt service reserves which have already been established under various bond resolutions which are to be used in the case of deficiency in a Debt Service Program in accordance with its respective bond resolution (reserve accounts). Separate reserve accounts exist under each bond resolution as follows:

1976 General Bond Resolution –The reserve account is comprised of an ordinary reserve sub-account and a special reserve sub-account. The ordinary reserve sub-account may fund up to one-third of the required debt service reserve and can be funded with bond proceeds or with a transfer from the Custodian Account. The special reserve sub-account must fund at least two-thirds of the required debt service reserve and must be funded with transfers from the Custodian Account. Both sub-accounts are maintained by a trustee.

On August 23, 1999, the Authority amended the debt service reserve requirement for the 1976 bond resolution from the greater of the maximum annual debt service requirement of 10% of all municipal loan obligations outstanding to the current test of the least of: (i) 10% of the original stated principal amount of all bonds outstanding; (ii) the maximum annual principal and interest requirements on all bonds then outstanding; (iii) 125% of the average principal and interest requirements on all bonds then outstanding; or (iv) such lesser amount as shall be required to maintain the exemption of interest of all bonds outstanding from inclusion in gross income for federal income tax purposes under the Internal Revenue Code. The amendment took effect at the beginning of fiscal 2013 when all bonds outstanding as of the date of the resolution were retired. The shift in the reserve requirement significantly reduced the 1976 Resolution reserve requirement. However per the 1976 resolution the Bond Bank cannot remove principal from the reserve (special or ordinary) until all reserve obligations are paid off. Consequently, during fiscal 2013 AMBBA defeased the remaining principal reserve obligations of the 1976 resolution reserves and released excess funds to the Custodial Account.

2002A, 2003B, 2004B Revenue Bond Resolutions – The reserve funds may be funded with transfers from the custodian account, bond proceeds, or other funds available to the Bond Bank.

2005 General Bond Resolution – The reserve fund may be funded with transfers from the custodian account, surety policies, bond proceeds, or other funds available to the Bond Bank.

2010 General Bond Resolution – The reserve fund may be funded with transfers from the custodian account, surety policies, bond proceeds, or other funds available to the Bond Bank.

At June 30, 2013 the *1976 General Bond Resolution, 2002A, 2003B, 2004B Revenue Bond Resolutions, 2005 General Bond Resolution,* and *2010 General Bond Resolution* reserves must be the least of: (i) 10% of the initial principal amount of each Series of Bonds outstanding; (ii) the maximum annual principal and interest requirements on all bonds outstanding; (iii) 125% of the average annual debt service on all bonds then outstanding; or (iv) such lower amount as may be allowed by law. Amounts in excess of the required debt service in any reserve are transferred to the Operating Account on a periodic basis.

(c) Restricted Assets

Certain resources set aside for the repayment of the Authority's bonds, net of certain proceeds from additional bonds issued, are classified as restricted on the statement of net position because they are maintained in separate trust accounts and their use is limited by applicable bond covenants. Cash and cash equivalents and investments include $43,084,377 of restricted assets. These assets were funded as follows:

Original State of Alaska appropriation	$	18,601,414
2008 appropriation of excess earnings		855,347
2009 appropriation of excess earnings		819,843
2010 appropriation of excess earnings		32,628
2011 appropriation of excess earnings		86,814
2012 appropriation for loan forgiveness		13,000,000
Total State of Alaska appropriated equity	$	33,396,046

Restricted for Debt Service:		
Appropriated amounts residing in reserve accounts	$	20,379,275
Appropriated amounts residing in Custodial account		13,016,771
Total State of Alaska appropriated equity		33,396,046
Bond Bank equity residing in reserve accounts		9,688,331
Total restricted for debt service/net position	$	43,084,377

(d) Bond Receivables

Bond receivables are secured by the revenues or are general obligations of the municipalities. Interest rates correspond with the interest rates on the related bonds payable by the Authority. The bonds receivables mature during the same period as the related bonds payables. Bond receivables are recorded at the par amount of the bond issued.

(e*) Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Any premium or discount on bond issuance or refunding is not recorded by the Authority as the premium or discount is recorded by the municipalities associated with the issuance and amortized by them, therefore, bonds payable are presented at par. Bond issue costs are generally paid by the municipality but when a portion is paid by the Authority they are paid from the General Account and considered operating expenses.

(f) Fund Equity

Generally, fund equity represents the difference between the current assets and current liabilities and is classified as fund balance. Bond Bank, in accordance with GASB Statement No. 54 provisions,

which require classification of fund balance as nonspendable, restricted, committed, assigned or unassigned, had fund balances in restricted and unassigned categories.

Restricted Fund Balance – Restricted fund balance is that portion of fund equity that has constraints placed upon the use of the resources either by an external party or imposed by law.

Unassigned Fund Balance – this classification represents fund balance that has not been restricted, committed or assigned to specific purposes within the general fund.

The Authority does not have a policy for its use of unrestricted fund balance amounts, therefore, it considers that committed amounts are reduced first (if any), followed by assigned amounts (if any), and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the government-wide financial statements, restrictions of net position are reported when constraints placed on net position are either externally imposed by creditors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

(g) Interest Arbitrage Rebate

Bonds issued and funds segregated into reserves after August 15, 1986 are subject to Internal Revenue Service income tax regulations which require rebates to the U.S. Government of interest income earned on investments purchased with the proceeds from the bonds or any applicable reserves in excess of the allowable yield of the issue. Amounts owed are expensed when paid and refunds are recorded when received at the five year anniversary date of the bond issue or upon final repayment. Beginning for FY 2013 the Bond Bank's arbitrage rebate consultant will update all general obligation bond rebate analysis as of June 30. As of June 30, 2013 the Bond Bank's net arbitrage rebate liability was $836.

(h) Income Taxes

The Authority is exempt from paying federal and state income taxes.

(3) Cash

The Authority considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents at June 30, 2013 consist of money market accounts held with various financial institutions.

The bank balance of all of the Authority's cash and cash equivalents are collateralized by securities held in the Authority's name by its custodial agent.

(4) Investments

The fair value of debt security investments by contractual maturity as of June 30, 2013 is shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Less than 1	1-5	6-10	More than 10	Total
General Fund					
U.S. Treasury securities	$ 496,135	$ 13,656,174	$ -	$ -	$ 14,152,309
U.S. Government agencies securities	228,048	7,360,350	-	-	7,588,398
	724,183	21,016,524	-	-	21,740,707
Debt Service Fund					
U.S. Treasury securities	10,927,314	27,188,268	-	-	38,115,582
U.S. Government agencies securities	2,094,993	7,655,861	-	-	9,750,854
	13,022,307	34,844,129	-	-	47,866,436
Total investments	$ 13,746,490	$ 55,860,653	$ -	$ -	$ 69,607,143

(a) Investment Policies

The Authority has distinct investment objectives and policies associated with funds held in the Custodian Account, Reserve Funds, and municipal debt payments received prior to scheduled debt service payment dates. The three classes of funds are listed below:

Custodian Account

The Custodian Account investment portfolio is designed with the objective of attaining the highest market rate of return subject to the required use of the Custodian Account for operation, funding transfers to the state, and funding reserves. When the Custodian Account balance allows, a longer investment horizon is implemented for the Custodian Account, accepting the limited probability of short-term loss in exchange for higher yield on investments. The Custodian Account balance must exceed $15 million, and be forecasted to exceed $15 million for the subsequent twelve-month period, and an analysis of risk profile and historical benefit between the varying strategies must be undertaken before any shift in the investment strategy of the Account. The Custodian Account has to maintain sufficient liquidity to meet operating requirements, provide the prior fiscal year's state dividend, and to allow transfers to reserves as needed for bond issuance activity. Long-term preservation of principal is the third objective of the Custodian Account's investment program. Investments shall be undertaken in a manner that minimizes the probability of long-term loss.

- The Custodian Account balance is a critical component in determining anticipated life, ability to diversify, and investment policy in this account. Accordingly, when the account balance is above $15 million a more aggressive policy may be implemented. When the account balance is below $15 million a more conservative policy may be used.

- Shifting from one asset allocation to another may be approved by the Investment Committee when there is a projection of a continued trend in account balance justifying the shift.

- There are no arbitrage restrictions.

When the Custodian Account balance is less than $15 million, the following policies apply:

- 20% Money Market Fund and 80% government agencies and U.S. Treasuries with maturities of less than 5 years.

- Performance benchmark for the 20%: Three month U.S. Treasury Bill.

- Performance benchmark for the 80%: Merrill Lynch 1-5 Government Index.

When the Custodian Account balance exceeds and is expected to remain in excess of $15 million, the following policies apply:

- Greater of 10% or a percentage equal to $750,000 in market value: Money Market Fund and up to 90%: Broad U.S. Bond Market Fund.

- Performance benchmark for the greater of 10% or the percentage of the fund invested that is benchmarked to Money Market Fund: Three-month U.S. Treasury Bill.

- Performance benchmark for the up to 90%: Barclays Capital Aggregate Index.

The following transactions are prohibited with the Custodian Account unless those transactions have the prior written consent of the Investment Committee:

- Short sale of securities (the sale and settlement of a security not currently owned by the Authority and a formal agreement to borrow the security to facilitate the settlement of the short sale);

- Purchases of futures, forwards or options for the purpose of speculating (currency futures, forwards and options are permitted only for hedging or to facilitate otherwise permissible transactions);

- Borrowing to leverage the return on investments. Extended settlement of securities purchases executed to facilitate or improve the efficiency of a transaction will not be considered borrowing, provided that sufficient cash equivalent securities or receivables are available to facilitate the extended settlement;

- Purchases of "private placement" or unrated corporate bonds.

Bond Reserve Funds

Preservation of principal is the foremost objective of the Bond Reserve Funds investment program. These funds shall be managed to ensure that the corpus is preserved. These funds will not be expended until the final maturity of the bond issue they secure, unless there is a failure to pay debt service by a community. As there is limited benefit in maximizing return it is the least important objective of the Bond Reserve Funds. It is anticipated that the Reserve

Funds cumulative average return should target the blended arbitrage yield limit of the bond issues secured.

Bond resolutions limit allowed investment of these funds. Investment risk is examined on an annual basis to ensure that no greater than the minimum level of risk required to achieve the highest probability of earning the arbitrage yield limit on the bonds is incurred.

The bond resolutions limit investments to:

- 100% government agencies and U.S. Treasuries with maturities of less than 5 years.
- Performance benchmark is Merrill Lynch 1-5 Government Index.

Municipal Debt Payments

Preservation of principal and liquidity are the foremost objectives of the Municipal Debt Payments investment program, as these funds will be expended within seven business days of receipt. Return on investment is a benefit of holding these funds for the advance payment period, but not the focus of investing the funds. The bond resolutions limit investments to:

- 100% Money Market Fund.
- Performance benchmark is three-month U.S. Treasury Bill.

It is the policy of the Authority to diversify its investments and to ensure the safety and liquidity of the investments by observing the following sound investment practices:

- Not more than 5% of the Custodian Account may be invested in the corporate debt of any one issuer, at the time of purchase.
- In the event of a credit downgrade which reduces a security below the required rating written notification will be made to the Investment Committee setting forth the particulars of the downgrade and recommending a course of action.
- Not more than 50% of the Custodian Account may be invested in corporate securities, at the time of purchase.
- The duration of the Custodian Account must remain within 80 to 120 percent of the duration of the prevailing performance benchmark.
- Purchases of more than 10% of a corporate bond issue shall not be made.

(b) Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for pledged investments. The Authority's policies set out maximum concentration limits for investments managed by the external investment manager.

The Authority tracks loan concentration for market dissemination and credit strength. The 2005 General Bond Resolution requires market disclosure of the governmental units with an amount of bonds outstanding equal to or greater than 10 percent of all bonds outstanding under the Resolution. At June 30, 2013 the governmental units with equal to or greater than 10 percent of the bonds outstanding under the 2005 General Bond Resolution were the City and Borough of Sitka, the City and Borough of Juneau, and the Kenai Peninsula Borough.

(c) Credit Risk

Credit risk is the risk of loss due to the failure of the security or backer. The Authority mitigates its credit risk by limiting investments permitted in the investment policies. U.S. Treasury securities and securities of agencies that are explicitly guaranteed by the U.S. government and are not considered to have credit risk.

(d) Custodial Credit Risk

The Authority assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority has not established a formal custodial credit risk policy for its investments. The Authority had no investments registered in the name of a counterparty.

(e) Interest Rate Risk

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-pledged investments, the Authority mitigates interest rate risk by structuring its investments' maturities to meet cash requirements, thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in its bond indentures and contractual and statutory agreements.

(5) Bond and Notes Receivable

The General Fund includes bonds receivable with interest rates varying from 1% to 5% due from the Cities of Yakutat and Galena with maturities as follow:

Year ending June 30	General Fund Bonds Receivable
2014	$ 250,664
2015	160,436
2016	162,047
2017	163,675
2018	165,319
2019-2023	851,845
2024-2028	346,524
	$ 2,100,510

Under the Coastal Energy Loan Program (Program), the Authority issued $5,000,000 1986 Series A Coastal Energy Bonds (Bonds) payable to the National Oceanic and Atmospheric Administration (NOAA). The proceeds of these bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome entered into a tripartite agreement with NOAA and the Authority effective August 2, 1994 to defer payment of the principal and accrual of interest for ten years. Effective January 29, 2009 a second amendment to the tripartite agreement was executed. The amendment authorized the issuance of 2009A Bonds for the purpose of refunding by exchange the outstanding City of Nome, Alaska, Port Revenue Bond 1986 Series A. The related loan payable does not represent a general obligation of the Authority as it is payable only from proceeds received from the City of Nome.

Also under the Program, the Authority issued $6,563,000 1987 Series A Coastal Energy Bonds payable to NOAA. The proceeds of these bonds were used to purchase port revenue bonds from the City of St. Paul. The City of St. Paul entered into a tripartite agreement with NOAA and the Authority effective December 14, 2000 to modify and amend the repayment terms including principal and interest. On April 18, 2005, the City of St. Paul asked for NOAA's recommendation for loan forgiveness which was denied on January 24, 2006. Subsequently, on March 17, 2009, NOAA issued another determination on request for recommendation of CEIP loan forgiveness but a final agreement has not been reached between the City of St. Paul and NOAA as of June 30, 2013.

The related loan payables do not represent a general obligation of the Authority as they are payable only from proceeds received from the City of Nome and St. Paul, respectively. Payment of principal and interest on the Bond Bank's Coastal Energy Bond is not secured by a pledge of any amounts held by or payable to the Bond Bank under the General Bond Resolution, including the Reserve Account, and is not in any way a debt or liability of the Bond Bank. The Coastal Energy Bonds and related accounts are included in the Bond Bank's statutory limit for total bonds outstanding and therefore included in the Bond Bank's financial statements.

Bonds and notes receivable by debt service program at June 30, 2013 mature in varying annual installments as follows:

Year ending June 30	1976 General	2005 General	2010 General	2003B Valdez Revenue
2014	$ 11,710,000	$ 30,540,000	$ 135,000	$ 1,070,000
2015	9,125,000	38,040,000	140,000	1,135,000
2016	6,650,000	39,930,000	140,000	1,195,000
2017	5,710,000	41,175,000	145,000	1,260,000
2018	5,930,000	40,190,000	150,000	1,315,000
2019-2023	18,950,000	196,100,000	850,000	7,525,000
2024-2028	7,080,000	147,870,000	995,000	-
2029-2033	-	100,315,000	1,190,000	-
2034-2038	-	34,790,000	825,000	-
2039-2043	-	12,955,000	-	-
2044-2048	-	11,615,000	-	-
	$ 65,155,000	$ 693,520,000	$ 4,570,000	$ 13,500,000

Year ending June 30	2004B Anchorage Revenue	Coastal Energy Loan	Total Principal
2014	$ 125,000	$ 4,405,165	$ 47,985,165
2015	130,000	559,468	49,129,468
2016	135,000	563,946	48,613,946
2017	140,000	618,607	49,048,607
2018	145,000	429,338	48,159,338
2019-2023	825,000	697,321	224,947,321
2024-2028	1,040,000	852,116	157,837,116
2029-2033	1,335,000	1,041,273	103,881,273
2034-2038	635,000	997,132	37,247,132
2039-2043	-	417,129	13,372,129
2044-2048	-	-	11,615,000
	$ 4,510,000	$ 10,581,495	$ 791,836,495

(6) Long–Term Liabilities

Bond Bank's long term liabilities consist of the following as of June 30, 2013:

	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
Issue	Interest rate	Principal outstanding	Interest rate	Principal outstanding
1976 General Bond Resolution Program:				
2003 Series E	2.00%-5.25%	$ 725,000	-	$ -
Aleutians East Borough				
Kenai Peninsula Borough				
2003 Series G - NW Arctic Borough	2.00%-5.00%	1,110,000	-	-
2004 A Series	3.00%-4.40%	855,000	-	-
Fairbanks				
Sitka				
2004 B Series	2.00%-4.00%	930,000	2.00%-4.00%	-
Nome				
Valdez				
Petersburg				
Craig				
Seward				
2004 C Series	4.00%-5.00%	1,315,000	-	-
Kodiak Island Borough				
Palmer				
Petersburg				
2004 D Series	3.00%-5.00%	2,090,000	-	-
Adak				
Kodiak Island Borough				
2005 A Series	2.50%-5.00%	21,560,000	2.75%-5.00%	-
Cordova				
Fairbanks				
Ketchikan Gateway Borough				
Northwest Arctic Borough				
Sitka				
Unalaska				
2005 B Series	3.00%-5.00%	5,660,000	-	-
Haines				
Ketchikan Gateway Borough				
North Pole, City of				
Palmer				
Sitka				
2005 C Series	4.00%-5.00%	22,115,000	5.00%	-
Haines				
Petersburg				
Northwest Arctic Borough				
2006 A Series	4.00%-4.35%	8,795,000	4.00%	-
Aleutians East Borough				
Ketchikan Gateway Borough				
Lake & Peninsula Borough				
Nome				
Wrangell				
Total 1976 General Bond Resolution Fund		65,155,000		-

(continued)

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2005 Series General Bond Resolution Program:				
2005 - One Series	3.00%-5.00%	9,170,000	3.00%-5.00%	350,000
Ketchikan, City of				
Nome				
Seward				
2006 - One Series	4.00%-6.00%	5,240,000	4.50%-6.00%	335,000
Kenai Peninsula Borough				
Seward				
2006-Two Series - Ketchikan, City of	4.25%-4.75%	34,315,000	5.00%	1,765,000
2007-One Series	4.00%-5.50%	18,325,000	4.00%-5.50%	1,265,000
Kenai Peninsula Borough				
Inter-Island Ferry Authority				
Nome, City of				
NW Arctic Borough				
Petersburg				
Seward, City of				
Sitka, City of				
Wasilla, City of				
2007-Two Series	3.75%-5.00%	23,245,000	4.50%	685,000
Kenai Peninsula Borough				
Aleutians East Borough				
2007-Three Series	4.25%-5.50%	12,510,000	4.00%	415,000
Bethel, City of				
Juneau, City and Borough of				
2007-Four Series - Kenai Peninsula Borough	4.25%-5.00%	12,020,000	4.25%-4.50%	1,070,000
2007-Five Series - Kodiak, City of	4.00%-6.00%	5,640,000	-	-
2008-One Series	4.00%-5.00%	51,240,000	5.00%	3,260,000
Dillingham				
Kodiak Island Borough				
Kodiak, City of				
Seward				
2008-Two Series	4.40%-6.00%	15,565,000	4.75%-6.00%	1,200,000
Seward				
Sitka, City of				
Skagway				
2009-One Series	3.00%-5.63%	24,665,000	4.00%-5.50%	730,000
Kodiak, City of				
Unalaska, City of				
2009-Two Series	4.00%-6.00%	19,265,000	4.00%-6.00%	1,825,000
Cordova				
Nome, City of				
Unalaska, City of				
Kodiak, Island Borough				
2009-Three Series - Juneau, City and Borough of	2.00%-4.00%	9,125,000	2.00%-4.00%	975,000
2009-A-Four Series	3.00%-4.00%	3,660,000	3.00%-4.00%	840,000
Kenai Peninsula Borough				
Ketchikan, Gateway Borough				
2009-B-Four Series - Ketchikan, Gateway Borough	4.63%-5.40%	20,425,000	-	-
2010-A-Series One	2.00%-5.00%	11,450,000	3.00%	335,000
Ketchikan, City of				
Ketchikan, Gateway Borough				
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska, City of				
2010-A Series Two	2.0%-3.0%	1,895,000	3.00%	325,000
Juneau, City and Borough of				
Cordova				
King Cove, City of				

(continued)

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2010-B Series One	5.99%-6.34%	7,415,000	-	-
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska, City of				
2010-B Series Two	3.75%-4.91%	11,405,000	-	-
Juneau, City and Borough of				
Cordova				
King Cove, City of				
2010-A Series Three	2.00%-4.00%	3,310,000	2.00%-4.00%	405,000
Aleutians East Borough				
Unalaska, City of				
King Cove, City of				
2010-B Series Three	4.93%-5.43%	6,900,000	-	-
Aleutians East Borough				
Unalaska, City of				
King Cove, City of				
2010-A Series Four	2.00%-5.00%	22,980,000	-	-
Kenai Peninsula Borough				
Ketchikan, City of				
Ketchikan Gateway Borough				
Sitka				
Sitka (Refunding)				
Soldotna				
2010-B Series Four	1.42%-6.26%	50,605,000	-	-
Kenai Peninsula Borough				
Ketchikan, City of				
Ketchikan Gateway Borough				
Sitka				
Soldotna				
2011 Series One	3.00%-5.13%	7,620,000	3.00%	415,000
Kodiak Island Borough				
Wrangell, City of				
2011 Series Two	2.00%-4.38%	9,820,000	2.00%	815,000
Juneau, City and Borough of				
Sitka				
2011 Series Three	2.00%-5.00%	75,860,000	2.00%-5.00%	1,390,000
Wrangell, City of				
Aleutians East Borough				
Northwest Arctic Borough				
Ketchikan Gateway Borough				
Kenai Peninsula Borough				
Cordova				
Hoonah				
Skagway				
Seward				
Kodiak Island Borough				
2012 Series One	2.00%-5.00%	16,330,000	-	-
Juneau, City and Borough of (Wildflower Court)				
Juneau, City and Borough of				
2012 Series Two	1.75%-5.00%	50,030,000	2.00%-4.00%	1,900,000
Juneau, City and Borough of				
Ketchikan, City of				
Ketchikan Gateway Borough				
Kodiak Island Borough				
Nome, City of				
North Pole, City of				
Palmer, City of				
Petersburg				
Sitka				
Valdez				

(continued)

Issue	Debt Service Account Interest rate	Debt Service Account Principal outstanding	Statutory Reserve Account Ordinary Reserve Sub-Account Interest rate	Statutory Reserve Account Ordinary Reserve Sub-Account Principal outstanding
2012 Series Three	1.50%-5.00%	21,190,000	-	-
Juneau, City and Borough of (School)				
Juneau, City and Borough of (REF)				
Petersburg, City of				
Haines, City of				
2013 Series One	2.00%-5.00%	96,045,000	-	-
Juneau, City and Borough of (Hospital Rev Ref)				
Juneau, City and Borough of (GO, New Money)				
Kenai Peninsula Borough				
Ketchikan Gateway Borough				
Ketchikan Island Borough				
Sand Point, City of				
Sitka, City of (Harbor)				
Sitka, City of (Electric)				
2013 Series Two A	2.00%-4.00%	19,145,000	-	-
Homer, City of				
Ketchikan, City of				
Ketchikan, City of (REF)				
Skagway				
2013 Series Two B				
Kodiak Island Borough	3.00%-4.00%	17,110,000	-	-
Total 2005 Series General Bond Resolution Fund		693,520,000		20,300,000
2010 Series General Bond Resolution Program:				
2010 A-1 Series One	3.00%-4.00%	870,000	-	-
Ketchikan, City of				
2010 A-2 Series One	5.78%-6.86%	3,700,000	-	-
Kenai Peninsula Borough				
Total 2010 Series General Bond Resolution Program		4,570,000		-
2003B Valdez, City of Bond Resolution Program	2.75%-5.25%	13,500,000	-	-
2004B Anchorage Bond Resolution Program	4.00%-4.75%	4,510,000	-	-
Total Revenue Bonds		18,010,000		-
Coastal Energy Reserve Loan Account:				
City of Nome Port Facility Revenue Bond	8.50%	4,575,617	-	-
City of Saint Paul - Fuel Dock	5.00%	6,005,878	-	-
Total Coastal Energy Reserve Loan Account		10,581,495		-
		$ 791,836,495		$ 20,300,000

During the year ended June 30, 2013 the Authority's long-term liabilities changed as follows:

	Beginning of year	New debt	Repayments	End of year
General obligation bonds payable	$ 677,075,000	$ 153,490,000	47,020,000	$ 783,545,000
Revenue bonds payable	47,870,000	-	29,860,000	18,010,000
Other long-term debt	10,682,527	-	101,032	10,581,495
Total	$ 735,627,527	$ 153,490,000	$ 76,981,032	$ 812,136,495

All bonds are secured by bonds receivable and by amounts in the reserve account. The Act further provides that if a municipality defaults on its principal and/or interest payments, upon written notice by the Authority, the State of Alaska must consider paying to the Authority all funds due from the defaulting municipality from the State in an amount sufficient to clear the default. The Bond Bank Executive Director is obligated per resolution to seek and the State may provide an appropriation annually to replenish reserves.

In March 2013 the Authority issued $96.05 million in general obligation and refunding bonds with interest rates ranging between 3.35% and 5%. The Authority issued the bonds to advance refund $24,950,000 of the outstanding 2004A CBJ Revenue bonds with interest rates ranging between 4.38% and 6.25%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds is $24,950,000 at June 30, 2013.

The advance refunding reduced total debt service payments over the next 22 years by nearly $5.1 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $3.8 million.

In June 2013, the Authority issued $36.3 million in general obligation and refunding bonds with interest rates ranging between 2% and 5%. The Authority issued the bonds to currently refund $1,245,000 of the outstanding 2002A Ketchikan Revenue bonds with interest rates ranging between 4.375% and 5%. The Authority used the net proceeds along with other resources to provide for all future debt service on the refunded bonds which were called within 90 days for the refunding. As a result, these bonds were considered defeased as part of a current refunding transaction and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds is $1,245,000 at June 30, 2013.

The current refunding reduced total debt service payments over the next two years by $37,163. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $37,038.

In July 2012, the Authority refunded $1,060,00 of its 2007-One Inter-Island Ferry Authority bonds with the State of Alaska FY12 SB 160 appropriation. The Authority also recognized loan forgiveness on the respective bonds receivable.

In December 2012, the Authority redeemed $1,175,000 of outstanding 2001B Ketchikan Revenue bonds using cash on hand as a direct investment of the Authority's General Fund. In May 2013, the community paid off the remaining balance of the bonds using cash on hand.

Loans made under the Coastal Energy Loan Program are payable only from proceeds received from the municipalities to which the loans were made.

The above bonds mature in varying annual installments. The maturities at June 30, 2013 are as follows:

Year ending June 30	1976 General	1976 Reserve	2005 General	2005 Reserve	2010 General	2010 Reserve
2014	$ 11,710,000	$ -	$ 30,540,000	$ 595,000	$ 135,000	$ -
2015	9,125,000	-	38,040,000	1,225,000	140,000	-
2016	6,650,000	-	39,930,000	1,960,000	140,000	-
2017	5,710,000	-	41,175,000	425,000	145,000	-
2018	5,930,000	-	40,190,000	4,805,000	150,000	
2019-2023	18,950,000	-	196,100,000	5,445,000	850,000	-
2024-2028	7,080,000	-	147,870,000	2,710,000	995,000	-
2029-2033	-	-	100,315,000	1,370,000	1,190,000	-
2034-2038	-	-	34,790,000	1,765,000	825,000	-
2039-2043	-	-	12,955,000	-	-	-
2044-2048	-	-	11,615,000	-	-	-
	$ 65,155,000	$ -	$ 693,520,000	$ 20,300,000	$ 4,570,000	$ -

Year ending June 30	2003B Valdez Revenue	2004B Anchorage Revenue	Coastal Energy Loan	Total Principal	Total Interest
2014	$ 1,070,000	$ 125,000	$ 4,405,165	$ 48,580,165	$ 36,383,737
2015	1,135,000	130,000	559,468	50,354,468	34,984,905
2016	1,195,000	135,000	563,946	50,573,946	32,939,033
2017	1,260,000	140,000	618,607	49,473,607	30,860,989
2018	1,315,000	145,000	429,338	52,964,338	28,776,105
2019-2023	7,525,000	825,000	697,321	230,392,321	111,539,248
2024-2028	-	1,040,000	852,116	160,547,116	64,864,870
2029-2033	-	1,335,000	1,041,273	105,251,273	30,032,279
2034-2038	-	635,000	997,132	39,012,132	11,188,298
2039-2043	-	-	417,129	13,372,129	4,832,908
2044-2048	-	-	-	11,615,000	1,487,250
	$ 13,500,000	$ 4,510,000	$ 10,581,495	$ 812,136,495	$ 387,889,622

(7) Adjustments

Certain adjustments are considered to be necessary to the governmental funds in order to present the Authority's financial position and the results of its operations. These adjustments include the elimination of inter-fund payables and receivables. Additionally, bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net positions, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds and reduces the liability in the statement of net position.

(8) Commitments

During 2011 State Legislature appropriated $2,450,000 to Bond Bank to issue a 15-year, one percent interest loan to the City of Galena to retire existing debt obligations and make certain utility improvements. The intent of the legislature was that loan repayments made for the loan be paid into the State of Alaska General Fund in accordance with the provisions of the AS 44.85.270(h). The amount of receipts appropriated to the Authority during fiscal 2011 as discussed in Note 2(c), included $155,825

of City of Galena loan repayments for the year ended June 30, 2012. There were no excess receipts appropriated to the Authority during fiscal years 2012 or 2013.

The amount of Authority receipts determined under AS 44.85.270(h) and as discussed in Note 2(c), available for transfer by the Authority for fiscal year 2013, were appropriated to the Bond Bank Authority Reserve Fund (AS 44.85.270(a)), increasing the cumulative state appropriated amount to $33,396,046 at June 30, 2013.

The entire Custodian Account balance is available for appropriation, at any time, by the State Legislature.

(9) Subsequent Events

In July 2013, the Authority released 2002A Bond Resolution program reserve to the custodian account due to the defeasance on the 2002A Resolution bonds. The amount released was approximately $627,000.

ALASKA MUNICIPAL BOND BANK AUTHORITY
(A Component Unit of the State of Alaska)

Supplemental Schedule of Statutory Reserve Accounts - Assets, Liabilities and Account Reserves

For the Year Ended June 30, 2013

	1976 General "Ordinary"	1976 General "Special"	2005 Resolution	2002A Ketchikan Revenue
Assets				
Cash	$ 37,744	$ 119,505	$ 2,168,831	$ 27,121
Accrued interest receivable	2,933	33,869	189,779	127
Marketable securities	852,528	5,863,548	38,098,992	600,282
Interaccount receivables	-	-	2,771,345	-
	$ 893,205	$ 6,016,922	$ 43,228,947	$ 627,530
Liabilities				
Interaccount payables	$ 1,856,992	$ 2,061,816	$ -	$ 1,920
Bond payable	-	-	20,300,000	-
Accrued interest payable	-	-	227,895	-
	1,856,992	2,061,816	20,527,895	1,920
Reserves				
Special Reserve - State Appropriated	-	815,871	19,170,320	-
Special Reserve - Unappropriated	-	3,243,579	3,695,105	625,000
Special Reserve - Unrealized gain (loss)	-	(104,344)	(164,373)	610
Ordinary Reserve - Unallocated	(967,452)	-	-	-
Ordinary Reserve - Unrealized gain (loss)	3,665	-	-	-
	(963,787)	3,955,106	22,701,052	625,610
	$ 893,205	$ 6,016,922	$ 43,228,947	$ 627,530

(continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY
(A Component Unit of the State of Alaska)

Supplemental Schedule of Statutory Reserve Accounts - Assets, Liabilities and Account Reserves

For the Year Ended June 30, 2013

	2003B Valdez Revenue	2004B Anchorage Revenue	2010 Resolution	Total
Assets				
Cash	$ 35,927	$ 18,083	$ 29,305	$ 2,436,516
Accrued interest receivable	371	69	79	227,227
Marketable securities	1,750,763	325,147	375,176	47,866,436
Interaccount receivables	24,182	-	-	2,795,527
	$ 1,811,243	$ 343,299	$ 404,560	$ 53,325,706
Liabilities				
Interaccount payables	$ -	$ 990	$ 11,095	$ 3,932,813
Bond payable	-	-	-	20,300,000
Accrued interest payable	-	-	-	227,895
	-	990	11,095	24,460,708
Reserves				
Special Reserve - State Appropriated	-	-	393,084	20,379,275
Special Reserve - Unappropriated	1,780,063	341,931	2,653	9,688,331
Special Reserve - Unrealized gain (loss)	31,180	378	(2,272)	(238,821)
Ordinary Reserve - Unallocated	-	-	-	(967,452)
Ordinary Reserve - Unrealized gain (loss)	-	-	-	3,665
	1,811,243	342,309	393,465	28,864,998
	$ 1,811,243	$ 343,299	$ 404,560	$ 53,325,706

See auditor's report

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APPENDIX F

2005 General Obligation Bond Resolution

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GENERAL OBLIGATION BOND RESOLUTION

ALASKA MUNICIPAL BOND BANK

Adopted July 13, 2005

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GENERAL OBLIGATION BOND RESOLUTION

A RESOLUTION CREATING AND ESTABLISHING AN ISSUE OF BONDS OF THE ALASKA MUNICIPAL BOND BANK; PROVIDING FOR THE ISSUANCE FROM TIME TO TIME OF SAID BONDS; PROVIDING FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON SAID BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.

BE IT RESOLVED by the Board of Directors of the Alaska Municipal Bond Bank as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 101 - Authority for This Resolution. This Resolution is adopted pursuant to the provisions of the Act.

Section 102 - Resolution Constitutes Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Bank with the Holders of Bonds and shall be deemed to be and shall constitute a contract between the Bank, the Trustee and the Holders from time to time of the Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Bank shall be for the benefit, protection and security of the Holders of any and all of such Bonds. Each Bond, Credit Enhancement facility, and Interest Rate Exchange Agreement, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other Bond, Credit Enhancement facility, or Interest Rate Exchange Agreement except as expressly provided in this Resolution.

Section 103 - Definitions. The following terms shall, for all purposes of this Resolution, have the following meanings unless the context shall clearly indicate some other meaning:

"Accountant's Certificate" shall mean a certificate signed by an independent certified public accountant or a firm of independent certified public accountants selected by the Bank.

"Accreted Amount" shall mean, with respect to Capital Appreciation of Bonds of any Series and as of the date of calculation, the amount established pursuant to the Series Resolution authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded principal and interest on such Bonds.

"Act" shall mean the Alaska Municipal Bond Bank Authority Act, constituting Chapter 85, Title 44, of the Alaska Statutes, as amended to the date of adoption of this Resolution.

"Administrative Expenses" shall mean the Bank's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative and operating expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Bank under the provisions of the Act or this Resolution or otherwise.

"Aggregate Debt Service" for any period shall mean, as of any date of calculation and with respect to all Bonds, the sum of the amounts of Debt Service for such period.

"Annual Debt Service" shall mean the total amount of Debt Service for any Outstanding Bonds in any Fiscal Year.

"Authorized Denominations" with respect to any Series of Bonds issued hereunder, has the meaning specified in the related Series Resolution.

"Authorized Officer" shall mean the Chairman, Vice Chairman, Executive Secretary, or Executive Director of the Bank and any other director, officer or employee of the Bank authorized by resolution of the Bank to perform such act or discharge such debt.

"Bank" shall mean the Alaska Municipal Bond Bank, a public body corporate and politic constituted as a public corporation and instrumentality of the State of Alaska within the Department of Revenue but having a legal existence independent of and separate from the State exercising public and essential governmental functions and

created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Bank.

"Beneficial Owner" shall mean the person in whose name a Bond is recorded as the beneficial owner of such Bond by the respective systems of DTC and the DTC Participants or the Holder of the Bond if the Bond is not then held in book-entry form.

"Bond" or "Bonds" shall mean any Alaska Municipal Bond Bank Bond or Bonds, or Alaska Municipal Bond Bank Authority Bond or Bonds, as the case may be, authenticated and delivered under this Resolution pursuant to a Series Resolution.

"Bondholder" or "Holder" or words of similar import, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds issued in fully registered form or the bearer of any Bond or Bonds issued in bearer form or registered to bearer. When all Bonds of a Series are held by a securities depository, "Bondholder" or "Holder" shall mean the beneficial owner of the Series in question determined under the rules of that securities depository; otherwise "Bondholder" or "Holder" means owner of record on the bond register maintained by the Paying Agent. To the extent that the full payment of the interest on and principal of Bonds of a Series is secured by Credit Enhancement, the Credit Enhancement Agency shall be considered to be the "Bondholder" or "Holder" of all the Bonds of that Series for purposes of exercising any rights with respect to supplements and amendments to this Resolution if the Credit Enhancement Agreement so provides.

"Bond Year" shall mean each one-year period that ends on an anniversary of the date of issue of the Bonds.

"Book-Entry System" shall mean the system in which the Bonds (represented by one Bond certificate for each maturity of the Bonds) are delivered into the possession of DTC and are issued and fully-registered as to principal and interest in the name of Cede & Co., and whereby beneficial interests in the Bonds are purchased by investors through DTC Participants, such interests shown and transfers thereof effected only through the records maintained by the respective DTC Participants from whom each such investor acquired such beneficial interest.

"Business Day" shall mean any day other than a Saturday or Sunday or any other day on which banks in New York, Alaska, or the state or states in which any Trustee appointed hereunder performs its duties hereunder are authorized or required to be closed or are closed.

"Capital Appreciation Bonds" shall mean Bonds, the interest on which (a) is compounded and accumulated at the rates and on the dates set forth in the Series Resolution authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (b) is payable upon maturity or redemption of such Bonds.

"Continuing Disclosure Certificate" shall mean, for each Series, the continuing disclosure certificate executed by the Bank for the purpose of satisfying the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission with respect to such Series, as such continuing disclosure certificate is originally executed and as it may be amended from time to time in accordance with its terms.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to state and municipal financing (who may be counsel to the Bank) selected by the Bank and acceptable to the Trustee.

"Credit Enhancement" shall mean a letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of the Bonds of such Series or to satisfy the Reserve Fund Requirement.

"Credit Enhancement Agency" shall mean any bank or other institution that provides Credit Enhancement.

"Current Interest Bonds" shall mean Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the Interest Payment Dates provided therefor in a Series Resolution.

"Debt Service" shall mean for any Series of Bonds Outstanding, an amount equal to the sum of (a) all interest payable during such period of calculation, plus (b)

the Principal Installments, if any, payable during such period of calculation on such Series of Bonds.

"Executive Director" shall mean the Executive Director or Acting Executive Director of the Bank.

"Fees and Charges" shall mean all fees and charges authorized to be charged by the Bank pursuant to section 44.85.080(8), (15) and (16) of the Act and charged by the Bank to Governmental Units pursuant to the terms and provisions of Loan Agreements.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, and Paying Agent, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June or such other date as is authorized by statute and/or selected by the Bank.

"Fitch" shall mean Fitch Ratings, 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 Standard & Poor's or Moody's) designated by the Authorized Officer.

"Government Obligations" shall mean direct obligations of, or obligations of the payment of and interest on which are unconditionally guaranteed by, the United States of America.

"Governmental Unit" shall mean a municipality or such other entity of which the Bank is authorized by law to purchase its revenue bonds, general obligation bonds, notes, or other forms of indebtedness and which otherwise satisfies conditions found herein and in the Loan Agreement.

"Governmental Unit's Allocable Proportion" shall mean the proportionate amount of the total requirement in respect of which the term is used determined by the ratio that

the Loan then outstanding to such Governmental Unit bears to the total of all Loans then outstanding to all Governmental Units.

"Interest Account" shall mean the account by that name established by Section 602.

"Interest Payment Date" shall mean any date upon which interest on any Bonds is payable in accordance with the terms thereof.

"Interest Rate Exchange Agreement" shall mean an agreement entered into by the Bank or the Trustee, on behalf of the Bank, providing for an interest rate cap, floor or swap with respect to any Bonds or Municipal Bonds.

"Investment Securities" shall mean the following to the extent permitted by the Act and the laws of the State of Alaska:

(1) Governmental Obligations;

(2) Bonds, debentures, notes or other evidence 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) *Farmers Home Administration* ("FmHA") Certificates of Ownership;

(b) *Federal Housing Administration* ("FHA") Debentures;

(c) *General Services Administration* Participation certificates;

(d) *Government National Mortgage Association* ("GNMA" or "Ginnie Mae") GNMA-guaranteed mortgage-backed bonds or GNMA-guaranteed pass-through obligations (participation certificates);

(e) *United States Maritime Administration* Guaranteed Title XI financing;

(f) *United States Department of Housing and Urban Development ("HUD") Project Notes Local Authority Bonds*;

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following government agencies (stripped securities are only permitted if they have been stripped by the agency itself);

(a) *Federal Home Loan Bank System.* Senior debt obligations (Consolidated debt obligations);

(b) *Federal Home Loan Mortgage Corporation.* ("FHLMC" or "Freddie Mac") rated AAA by Standard & Poor's and Aaa by Moody's Participation Certificates (Mortgage-backed securities) Senior debt obligations;

(c) *Federal National Mortgage Association.* ("FNMA" or "Fannie Mae") rated AAA by Standard & Poor's and Aaa by Moody's Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

(d) *Student Loan Market Association.* ("SLMA" or "Sallie Mae") Senior debt obligations;

(e) *Resolution Funding Corp.* ("REFCORP") Only the interest component of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book-entry form are acceptable; and

(f) *Farm Credit System.* Consolidated systemwide bonds.

(4) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G," "AAAm" or "AAm" or by Moody's of "Aaa" including funds from which the Trustee or its affiliates receive fees for investment advisory or other services to such fund;

(5) Certificates of Deposit ("CD") secured at all times by collateral described in (a) and/or (b) above. CD's must have a one-year or less maturity. Such certificates must be issued by commercial banks, savings and loan

associations or mutual savings banks whose short-term obligations are rated "A-l+" or better by S&P, and "Prime-1" or better by Moody's. The collateral must be held by a third party and the third party must have a perfected first security interest in the collateral;

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including Bank Insurance Fund ("BIF") and Savings Association Insurance Fund ("SAIF");

(7) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P and which matures not more than 270 days after the date of purchase;

(8) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in the highest long-term rating category assigned by such agencies;

(9) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" by Moody's and "A-1+" by S&P;

(10) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the Bank by the Rating Agencies and such agreement must be approved in writing prior to its acquisition by each bond insurer then insuring any Series of Bonds; and

(11) Investment contracts with providers the long term, unsecured debt obligations of which are rated at least "Aaa" by the Rating Agencies.

"Loan" shall mean a loan heretofore or hereafter made by the Bank to a Governmental Unit pursuant to the Act and more particularly described in the applicable Series Resolution.

"Loan Agreement" shall mean an agreement, and any amendments thereto, heretofore or hereafter entered into between the Bank and a Governmental Unit setting forth the terms and conditions of a Loan.

"Loan Obligation" shall mean that amount of Bonds and the Bonds themselves issued by the Bank for the purchase of Municipal Bonds of a Governmental Unit.

"Maximum Annual Debt Service" shall mean, with respect to any Outstanding Series of Bonds, the highest remaining Annual Debt Service for such Series of Bonds.

"Moody's" shall mean 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 Standard & Poor's) designated by the Authorized Officer.

"Municipal Bonds" shall mean general obligation bonds, revenue bonds, notes or other evidences of debt issued by any Governmental Unit as now or hereafter defined in the Act which have heretofore been or will hereafter be acquired by the Bank as evidence of a Loan to the Governmental Unit pursuant to the Act.

"Municipal Bonds Interest Payment" shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the interest due or to become due on the Governmental Unit's Municipal Bonds.

"Municipal Bonds Payment" shall mean the amounts paid or required to be paid, from time to time, for principal and interest by a Governmental Unit to the Bank on the Governmental Unit's Municipal Bonds.

"Municipal Bonds Principal Payment" shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the principal due or to become due on the Governmental Unit's Municipal Bonds.

"Notes" shall mean any obligations referred to herein issued by the Bank other than Bonds.

"Operating Fund" shall mean the fund by that name established by Section 602.

"Outstanding" when used with reference to Bonds, other than Bonds referred to in Section 1105 hereof, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Resolution except:

(1) Any Bonds canceled by the Bank or the Trustee at or prior to such date;

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Resolution; and

(3) Bonds deemed to have been paid as provided in subsection (B) of Section 1301.

"Paying Agent" for the Bonds of any Series shall mean the bank or trust company and its successor or successors, which may include the Trustee, designated by the Bank as Paying Agent pursuant to the provisions of this Resolution and a Series Resolution or any other resolution of the Bank adopted prior to authentication and delivery of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

"Principal Account" shall mean the account by that name established by Section 602.

"Principal Installment" shall mean, as of any date of calculation and with respect to the Outstanding Bonds of any Series, (i) the principal amount of such Bonds which are due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with this Resolution of Sinking Fund Payments payable before such future date for the retirement of such Bonds or (ii) the unsatisfied balance of any Sinking Fund

Payment due on a certain future date for such Bonds, plus the aggregate amount of the premiums, if any, which would be applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds, unsatisfied balance and applicable premiums, if any or (iv) for any particular Series of Bonds the amount specified in the Supplemental Resolution authorizing such Series of Bonds.

"Put Bond" shall mean any Bond that is part of a Series of Bonds subject to mandatory purchase by the Bank, its agent or a third party from the Owner of the Bond pursuant to provisions of the Series Resolution authorizing the issuance of the Bond.

"Rating Agencies" shall mean Moody's, Standard & Poor's and Fitch or their respective successors and assigns and/or such other securities rating agency selected by the Bank to provide a rating with respect to a Series of Bonds, or any portion thereof, which Rating Agency, as of the applicable date, shall have assigned a rating to any Series of Bonds or any portion thereof.

"Rebate Calculation Date" shall mean, with respect to each Series of Bonds, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

"Rebate Fund" shall mean the fund by that name established by Section 602.

"Rebate Requirement" shall mean the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount" in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(D)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Record Date" shall have the meaning set forth in the Series Resolution authorizing the particular Series of Bonds.

"Redemption Account" shall mean the account by that name established by Section 602.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, of any, payable upon redemption thereof pursuant to the provisions of such Bond, this Resolution and the Series Resolution pursuant to which the same was issued.

"Refunding Bonds" shall mean all Bonds, whether issued in one or more series, authenticated and delivered on original issuance for the purpose of refunding Bonds or other obligations of the Bank and all Bonds thereafter authenticated and delivered upon the transfer or exchange of or in lieu of or in substitution for such Bond pursuant to this Resolution.

"Regular Record Date" shall mean, unless otherwise provided in a Series Resolution, with respect to the Bonds, the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Required Debt Service Reserve" shall mean as of any date of calculation, the amount required to be on deposit in the Reserve Fund which amount shall be at least equal to the Reserve Fund Requirement.

"Reserve Fund" shall mean the 2005 General Obligation Bond Resolution Reserve Account established by Section 602 within the Alaska Municipal Bond Bank Reserve Fund created by Section 44.85.270 of the Act.

"Reserve Fund Obligations" shall mean the amount of Bonds issued by the Bank to obtain funds deposited in the Reserve Fund.

"Reserve Fund Requirement" shall mean the least of (i) Maximum Annual Debt Service with respect to all Bonds Outstanding; (ii) 125% of Average Annual Debt Service with respect to all Bonds Outstanding; (iii) 10% of the initial principal amount of each Series of Bonds then Outstanding, or (iv) such lower amount as may be required by law. The Reserve Fund Requirement may be satisfied entirely, or in part, by Credit Enhancement as provided for herein; provided, however, any Credit

Enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution for any prior Credit Enhancement previously issued shall not, by itself, cause a withdrawal or a downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

"Resolution" shall mean this General Obligation Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions hereof.

"Security Instrument" shall mean an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term "Security Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices; provided, however, that no such device or instrument shall be a "Security Instrument" for purposes of this Resolution unless specifically so designated in a Series Resolution authorizing the use of such device or instrument.

"Security Instrument Agreement" shall mean any agreement entered into by the Bank and a Security Instrument Issuer pursuant to a Series Resolution and/or the applicable portions of a Series Resolution providing for the issuance by such Security Instrument Issuer of a Security Instrument.

"Security Instrument Costs" shall mean, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Series Resolution authorizing the use of such Security Instrument. Such Security Instrument Agreement or Series Resolution shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

"Security Instrument Issuer" shall mean any bank or other financial institution, insurance company, surety company or other institution issuing a Security Instrument.

"Security Instrument Repayment Obligations" shall mean, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Bank under the Security Instrument Agreement or the Series Resolution authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Series Resolution authorizing the use of such Security Instrument shall specify any amounts payable under it which, when outstanding, shall constitute Security Instrument Repayment Obligations and shall specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

"Series of Bonds" or "Bonds of a Series" or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

"Series Resolution" shall mean a resolution of the Bank authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof and adopted in accordance with Article X.

"Sinking Fund Installment" shall mean, as of any particular date of calculation and with respect to the Outstanding Bonds of any Series, the amount required to be paid at all events by the Bank on a single future date for the retirement of Bonds of such Series which mature after said future date, but does not include any amount payable by the Bank by reason only of the maturity of a Bond.

"Standard & Poor's" shall mean 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 "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) designated by the Authorized Officer.

"State" shall mean the State of Alaska.

"Supplemental Resolution" shall mean a resolution supplemental to or amendatory of this Resolution, (other than a Series Resolution) adopted by the Bank in accordance with Article X.

"Trustee" shall mean the bank or trust company appointed pursuant to Section 801 to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Resolution.

"Variable Rate Bonds" shall mean, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not susceptible to a precise determination.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Resolution, refer to this Resolution.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201 - Authorization of Bonds and Interest Rate Exchange Agreements. (A) Bonds are hereby authorized for issuance hereunder by the Bank. The Bonds may be issued in one or more Series pursuant to one or more Series Resolutions which shall state the purpose or purposes for which each Series of Bonds is being issued as hereinafter provided without limitation as to amount except as provided in this Resolution or as may be limited by law. Interest Rate Exchange Agreements may only be executed and delivered by the Bank in connection with the issuance and delivery of a Series of Bonds hereunder or in connection with the renewal, substitution or extension of an Interest Rate Exchange Agreement.

(B) There is hereby created by this Resolution, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of, interest on and Sinking Fund Installments for, all of the Bonds issued pursuant to this Resolution. The Bonds shall be general obligations of the Bank payable as to principal or Redemption Price of, interest on, and Sinking Fund Installments for the Bonds solely from the sources provided in this Resolution and any Series Resolution. The State shall not be liable on the Bonds and the Bonds shall not be a debt or liability, or constitute a pledge or loan of the faith and credit, of the State. The Bonds shall contain on the face thereof a statement to the effect that the Bank is obligated to pay the principal or Redemption Price, if any, of the Bonds and the interest thereon only from revenues or funds of the Bank and that the State is not obligated to pay such principal or Redemption Price, if any, or interest and that neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal or Redemption Price, if any, of, or the interest on, the Bonds.

Section 202 - Issuance and Delivery of Bonds. After their authorization by a Series Resolution, Bonds of a Series may be executed by or on behalf of the Bank and delivered to the Trustee for authentication and, upon compliance by the Bank with the requirements, if any, set forth in such Series Resolution and with the requirements of Section 203 or, in the case of Refunding Bonds, Section 204, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Bank.

Section 203 - Provisions for Issuance of Bonds. (A) The issuance of the Bonds shall be authorized by a Series Resolution or Series Resolutions of the Bank adopted subsequent hereto and the Bonds may be issued in one or more Series. The Bonds of each Series, including Refunding Bonds, shall, in addition to the title "Alaska Municipal Bond Bank General Obligation Bonds," contain such further appropriate particular designations added to such title and the appropriate Series designation as the Bank may determine in such Series Resolution. Each Bond shall bear upon its face the designations so determined for the Series to which it belongs.

(B) Each Series Resolution authorizing the issuance of a Series of Bonds shall specify:

(1) The authorized principal amount of said Series of Bonds;

(2) The purposes for which such Series of Bonds is being issued, which shall be one or more of the following: (i) making Loans to Governmental Units, (ii) making payments into the Reserve Fund, (iii) the funding of Notes theretofore issued by the Bank for any purposes for which Bonds may have been issued, (iv) the refunding of Bonds and related purposes, as provided in Section 204, and (v) any other purpose authorized by law;

(3) The date and the maturity date or dates and amounts of each maturity of the Bonds of said Series or the method of determining the same;

(4) (i) The interest rate or rates (if any) or maximum interest rate of the Bonds of such Series, or the method of determining such rate or rates (which may be determinable at one or more specified times set forth in the Series Resolution, which may accrete or compound with such frequencies or in such manner as shall be specified in such Series Resolution and which shall be as otherwise specified in the Series Resolution), and the Interest Payment Dates and Record Dates therefor and (ii) a manner of calculating accreted value or compounded principal value during all or any part of the term of the Series of Bonds being authorized, if interest is not payable currently and the Bank determines that it is necessary or appropriate;

(5) The denomination or denominations of, and the manner of numbering and lettering, the Bonds of such Series, provided that each Bond shall be of the denomination of $5,000 or a multiple thereof, not exceeding the aggregate principal amount of the Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified unless otherwise provided in the Series Resolution authorizing the issuance of such Bonds;

(6) The Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of and interest on the Bonds of such Series or the manner of appointing and designating the same;

(7) The Redemption Price or Prices, if any, and, subject to the provisions of Article IV, the redemption terms for the Bonds of such Series or the method of determining the same;

(8) The amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, or the method of determining such Sinking Fund Installment;

(9) The form or forms of the Bonds of such Series and of the Trustee's certificate of authentication;

(10) The manner of execution of the Bonds of such Series;

(11) If, at the time of issuance of the Bonds of such Series, an Interest Rate Exchange Agreement will apply to such Bonds or such Bonds are to be secured by Credit Enhancement, the form of Credit Enhancement or Interest Rate Exchange Agreement to be obtained, the identity of the Credit Enhancement Agency or of the counterparty to the Interest Rate Exchange Agreement, and the substantial form of the significant documents relating to the Credit Enhancement or Interest Rate Exchange Agreement;

(12) If Bonds of such Series are to contain any tender or put options or the like, whether such Bonds are to be remarketed and, if so, the identity of any remarketing agent and the substantial form of any remarketing agreement relating to such Bonds; and

(13) Any other provisions deemed advisable by the Bank, not in conflict with the provisions of this Resolution.

All Bonds of each Series of like maturity shall be identical in all respects, except as to denominations, interest rate, and numbers and letters.

(C) All (but not less than all) the Bonds of each Series shall be executed by the Bank for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Bank or to such other party as may be specified in a written order of the Bank, but only upon the receipt by the Trustee of:

(1) A Counsel's Opinion to the effect that (i) the Bank has the right and power to execute and deliver this Resolution and the Series Resolution authorizing such Series under the Act as amended to the date of such Opinion; (ii) this Resolution and such Series Resolution has been duly and lawfully executed and delivered by the Bank, is in full force and effect and is valid and binding upon the Bank and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect); (iii) this Resolution and such Series Resolution creates the valid pledge and assignment which it purports to create of the Municipal Bonds, subject to the application thereof to the purposes and on the conditions permitted by this Resolution; (iv) the Bonds of such Series are valid and binding general obligations of the Bank, enforceable in accordance with their terms and the terms of this Resolution and such Series Resolution; and (v) the Bonds of such Series have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with this Resolution;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer;

(3) Either an original of the Series Resolution authorizing such Series or a copy thereof certified by an Authorized Officer;

(4) Except in the case of Refunding Bonds, a certificate of an Authorized Officer stating that the Bank is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution;

(5) Such further documents, moneys and securities as are required by the provisions of this Section 203, and Section 204, or Article X, or any Series Resolution or Supplemental Resolution adopted pursuant to Article X.

Section 204 - Provisions for Refunding Bonds. (A) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Refunding

Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits as are required by the provisions of the Act, this Section and of the Series Resolution authorizing said Series of Refunding Bonds.

(B) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 203) of:

(1) Instructions to the Trustee to give due notice of redemption (which notice, in the case of an optional redemption, shall state that the redemption is conditioned by the Trustee on the receipt of sufficient funds for redemption) of all the Bonds to be refunded on the redemption date specified in such instructions;

(2) Either (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, or (ii) direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds or other obligations to be refunded and the principal of and interest on which when due, together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, which moneys or Investment Securities shall be held by the Trustee or any one or more of the Paying Agents or an escrow agent or trustee for other obligations in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds or other obligations to be refunded; and

(3) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection (A) and this subsection (B) of this Section 204.

(C) From and after the delivery of the Refunding Bonds of a Series, the Trustee shall make appropriate adjustment between the Interest Account and Principal Account when disbursing and applying Municipal Bonds Payments deposited in the Debt Service Fund pursuant to the provisions of Section 604 to the end that such portion of the Municipal Bonds Payment as shall represent Municipal Bonds Interest Payment not required for deposit in the Interest Account for the purpose of paying interest accruing upon the Bonds shall be deposited in the Principal Account. Any surplus which might result upon and after such deposit shall be disposed of in the manner specified in the Series Resolution authorizing such Series.

(D) Neither Investment Securities nor moneys deposited with the Trustee or an escrow agent or trustee for other obligations pursuant to paragraph (B)(2) of this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, and any cash received from such principal or interest payments, if not then needed for such purpose, shall, to the extent practicable, be reinvested in such Investment Securities as are described in clause (ii) of said paragraph maturing at times and in amounts sufficient to pay when due the applicable Redemption Price of such Bonds or other obligations, together with such accrued interest.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301 - Description of Bonds; Payment. (A) The Bonds of each Series issued under the provisions hereof may be issued only as registered bonds and subject to Section 303 hereof, each Bond shall be entitled "General Obligation Bonds" and shall bear such additional letter or number series designation as shall be determined

in the Series Resolution authorizing the Bonds of the Series of which such Bond is one. Unless otherwise specified in the Series Resolution authorizing such Series of Bonds, Bonds of each Series shall be in Authorized Denominations each or any integral multiple thereof, shall be numbered consecutively from 1 upwards and shall bear interest payable on Interest Payment Dates.

(B) The Bonds of each Series issued hereunder shall be dated as of and bear interest from the date specified in the Series Resolution that authorized such Series, which date may be contemporaneous with or prior to or after the date of issuance of such Bonds.

(C) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, as at the respective time of payment shall be legal tender for payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Bank kept for such purpose by the Trustee, the registrar hereinafter provided for as the Holder thereof, by check or draft mailed to the Holder at her or his address as it appears on such registration books or to owners of $1,000,000 or more in aggregate principal amount of Bonds by wire transfer to a bank account designated by the Holder in written instructions furnished to the Trustee. The interest on Bonds so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person who is the Holder thereof at the close of business on the applicable Record Date for such interest. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee, as paying agent, except as otherwise provided by Series Resolution. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(D) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any

securities exchange or commission or brokerage board or otherwise, as may be specified in the Series Resolution authorizing such Series of Bonds.

Section 302 - Legends. The Bonds of each Series shall contain or have endorsed thereon a statement to the effect that the State shall not be liable thereon and that such Bond shall not be a debt of the State and may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Bank prior to the delivery thereof to the Bondholder.

Section 303 - Execution and Authentication. (A) The Bonds shall be executed in the name of the Bank by the manual or facsimile signature of its Chairman or Vice-Chairman and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of its Secretary or such officer or employee of the Bank as shall be directed by the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bonds of a Series may be signed and sealed on behalf of the Bank by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Bank, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(B) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Series Resolution authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of

authentication shall be entitled to any right or benefit under the Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Bank shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

Section 304 - Interchangeability of Bonds. Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or their attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series, maturity, and interest rate as the surrendered Bond.

Section 305 - Negotiability, Transfer and Registry. All the Bonds issued under this Resolution shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Bank shall maintain and keep, at the corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the Bank shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Bank shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

The Bank and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Bank as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability

upon such Bond to the extent of the sum or sums so paid, and neither the Bank nor any Fiduciary shall be affected by any notice to the contrary. The Bank agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense judgment or liability incurred by it, acting in good faith and without negligence under this Resolution, in so treating any such registered owner.

Section 306 - Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Bank shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Bank or the Trustee may, as a condition precedent to the privilege of making such exchange or transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Notwithstanding any other provision of this Resolution the cost of preparing each registered Bond upon each exchange or transfer, and any other expenses of the Bank or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Bank as an Administrative Expense. Neither the Bank or the Trustee shall be required (i) to make any exchange or transfer of Bonds of any Series during the ten (10) days (or such other period of time as may be specified in the Series Resolution authorizing such Series) next preceding an interest payment date on the Bonds of such Series or preceding any selection of Bond of such Series to be redeemed or (ii) to transfer or exchange any Bonds previously called for redemption.

Section 307 - Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Bank shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with

the Bank evidence satisfactory to the Bank and the Trustee that such Bond have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Bank and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Bank and the Trustee may prescribe and paying such expenses as the Bank and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Bank. Any such new Bonds issued pursuant to this section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Bank, regardless of whether the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution, in any moneys or securities held by the Bank or the Fiduciaries for the benefit of the Bondholders. If a Bondholder satisfies the conditions set forth in this section for the replacement of a mutilated Bond or a Bond alleged to be destroyed, stolen, or lost and such Bond has matured or all principal thereof and interest thereon shall become due for any other reason, then the Trustee may pay such principal of and interest on such Bond without issuing a replacement Bond.

Section 308 - Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Bank may execute, in the same manner as is provided in Section 303, and upon the request of the Bank, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued in such denominations as may be authorized by the Bank, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Bank at its own expense shall prepare and execute and, upon the surrender thereof of such temporary Bonds to the Trustee. The Trustee shall

authenticate and, without charge to the holder thereof, deliver in exchange therefor definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

If the Bank shall authorize the issuance of temporary Bonds in more than one denomination, the holder of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, Series and maturity of any other authorized denomination or denominations, and thereupon the Bank shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 306, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series and maturity in such other authorized denomination or denominations as shall be requested by such holder.

All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 309 - Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may, at any time, be cremated or otherwise destroyed by the Trustee, who shall execute a Certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed Certificate shall be filed with the Bank and the other executed Certificate shall be retained by the Trustee.

ARTICLE IV

REDEMPTION OF BONDS

Section 401 - Redemption Provisions. The Bonds of each Series may be subject to redemption prior to maturity at such times and upon such terms as shall be fixed by the related Series Resolution. If less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular units of Bonds, as determined in accordance with Section 403 herein, to be redeemed shall be selected by lot by the Trustee, or in any manner as the Trustee, in its sole discretion, may deem appropriate and fair.

Section 402 - Notice of Redemption. (A) In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 402. Unless otherwise specified in the Series Resolution authorizing the issuance of the applicable Series of Bonds, notice of redemption (i) shall be filed with the paying agent designated for the Bonds being redeemed and (ii) shall be mailed by first class mail, postage prepaid, to all Bondholder of Bonds to be redeemed at their addresses as they appear on the registration books of the Trustee, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(1) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(2) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the original issue date or dated date of and interest rate on such Bonds;

(3) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(4) the date of mailing of redemption notices and the redemption date;

(5) the redemption price;

(6) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(7) the place where such Bonds are to be surrendered for payment of the redemption price, designating the name and address of the redemption agent with the name of a contact person and telephone number.

(B) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, at least two (2) Business Days in advance of the mailed notice to Bondholders, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Bondholders) of obligations of types comprising the Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Bonds. Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

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

(D) If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for

redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

(E) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Bondholders of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Bondholders shall not affect the validity of the proceedings for the redemption of the Bonds.

(F) In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Section 403 - Partially Redeemed Fully Registered Bonds. Unless otherwise specified in the Series Resolution authorizing the issuance of the applicable Series of Bonds, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Bank shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Holder thereof, at the expense of the Bank, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. Unless otherwise provided by Series Resolution, a portion of any Bond of a denomination of more than the minimum Authorized Denomination to be redeemed will be in the principal amount of the minimum Authorized Denomination or an integral multiple thereof, and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of the minimum Authorized Denomination which is

obtained by dividing the principal amount of such Bonds by the minimum Authorized Denomination.

ARTICLE V

CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

Section 501 - Application of Certain Proceeds. (A) Each Series Resolution authorizing the issuance of a Series of Bonds, a portion of the proceeds derived from the sale of which is to be applied to the purchase of Municipal Bonds, shall specify the name of each Governmental Unit which is to receive a Loan by the Bank from such proceeds and the amount of such proceeds to be applied to the making of each such Loan which shall be the amount of each such Loan. Contemporaneously with the issuance, sale and delivery of any Series of Bonds, the Bank shall apply the amount of the proceeds derived from the sale of such Series of Bonds, if any, as shall be specified in said Series Resolution for the purpose of making such Loans to each of the Governmental Units specified in the Series Resolution authorizing the issuance of such Series of Bonds.

(B) Accrued interest, if any, received upon the delivery of such Series of Bonds shall be deposited in the Interest Account. The amount received as a premium over the principal amount of such Series of Bonds, if any, upon the delivery of such Series of Bonds shall be applied as provided in the Series Resolution authorizing such Series of Bonds.

(C) The amount, if any, necessary to cause the amount on deposit in the Reserve Fund to satisfy the Reserve Fund Requirement.

(D) Any remaining proceeds derived from the sale of a Series of Bonds shall be applied as provided in the Series Resolution authorizing such Series of Bonds.

Section 502 - Loans. (A) A Loan to each Governmental Unit shall be made from the portion of the proceeds derived from the sale of each Series of Bonds specified in the Series Resolution authorizing the issuance of such Series of Bonds and the amount of each such Loan shall be the amount specified in such Series Resolution. All such payments made pursuant to such Series Resolution shall be subject to the provisions

and restrictions of this Article V, and the Bank covenants that it will not cause or permit to be paid from such portion of the proceeds derived from the sale of such Series of Bonds any sums except in accordance with such provisions and restrictions.

(B) The Trustee shall pay to each Governmental Unit the amount of the Loan upon receipt by the Trustee of:

(1) a written requisition of the Bank signed by an Authorized Officer stating

(i) the name of the Governmental Unit to which the payment is to be made; and

(ii) the amount to be paid;

(2) a certificate signed by an Authorized Officer and attached to the requisition certifying that the terms and provisions of the Loan Agreement providing for such Loan are in compliance with Section 913, and that to the knowledge of such Authorized Officer such Governmental Unit is not in default under any of the terms or provisions of said Loan Agreement;

(3) a Counsel's Opinion stating that such Municipal Bonds are valid obligations of such Governmental Unit as required by the Act and that the Loan Agreement has been duly authorized and executed by the Governmental Unit and constitutes a valid and binding obligation of the Governmental Unit enforceable in accordance with its terms; and

(4) such Municipal Bonds of such Governmental Unit, registered as to both principal and interest in the name of the Bank or the Trustee and delivered in accordance with the Act.

Upon receipt of such requisition, accompanying certificate, Counsel's Opinion and Municipal Bonds, the Trustee shall pay such amount directly to the Governmental Unit entitled thereto as named in such requisition.

Section 503 - Retention and Inspection of Documents. All requisitions and certificates and Counsel's Opinions and Municipal Bonds received by the Trustee, as required in this Article V as conditions of payment may be relied upon by and shall be retained in the possession of the Trustee, subject at all times during normal business

hours to the inspection of the Bank and, after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of at least five per cent in principal amount of the Series of Outstanding Bonds.

ARTICLE VI

ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 601 - Pledge. (A) The Bonds shall be direct and general obligations of the Bank, and its full faith and credit are pledged to the payment of the principal and redemption premium, if any, of and interest on the Bonds, subject to any agreements heretofore and hereafter made with the Holders of any other notes or bonds of the Bank pledging any particular revenues or assets not pledged under this Resolution.

(B) The Municipal Bonds and the Municipal Bonds Payment, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by this Resolution to be held by the Trustee are hereby pledged and assigned for the payment of the principal of, Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds in accordance with the terms and provisions of this Resolution, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution authorizing the Bank to create Security Interests in said Municipal Bonds and Municipal Bonds Payment in favor of Credit Enhancement Agencies and counterparties to Interest Rate Exchange Agreements. Subject to the provisions of Section 805 of this Resolution, this pledge shall be valid and binding from and after the date of adoption of this Resolution, and the Municipal Bonds and the Municipal Bonds Payment and all other monies and securities in the funds and accounts established by this Resolution to be held by the Trustee hereby pledged shall immediately be subject to the lien of such pledge without any further act, and such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bank, regardless of whether such parties have notice thereof.

Section 602 - Establishment of Funds and Accounts. (A) The Alaska Municipal Bond Bank Debt Service Fund (the "Debt Service Fund") is hereby established and

shall be maintained and held by the Trustee pursuant to the provisions of this Resolution. There is hereby created and established in the Debt Service Fund an "Interest Account," a "Principal Account" and a "Redemption Account" each of which shall be held by the Trustee. Amounts in the Interest Account, the Principal Account and the Redemption Account shall be used solely for the purpose of paying the principal of, Redemption Price of, interest on and Sinking Fund Installments for, the Bonds and of retiring such Bonds at or prior to maturity in the manner provided herein and in any Series Resolution. Amounts deposited in the Interest Account and the Principal Account shall be disbursed and applied by the Trustee at the times and in the manner provided in this Article VI and in paragraph (3) of Section 203.

(B) There is hereby established within the Alaska Municipal Bond Bank Reserve Fund created by Section 44.85.270 of the Act, a 2005 General Obligation Bond Resolution Reserve Account (the "Reserve Fund") which shall be maintained and held by the Trustee pursuant to the provisions of this Resolution.

(C) There is hereby established a Rebate Fund, and within such fund, a separate account for each Series of Bonds.

(D) There is hereby established an Operating Fund which shall be held by the Bank pursuant to the provisions of this Resolution.

Section 603 - Reserve Fund. (A) On or before the first day of each month, the Trustee shall set aside from amounts in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to the investment thereof, an amount which, when added to the amounts theretofore set aside for such purpose and not paid into the Interest Account, will on such day be equal to the unpaid interest on the Reserve Fund Obligations accrued and to accrue to the last day of such month. If the Trustee so determines, said amounts may be deposited in an account which the Trustee may create in the Reserve Fund under the name of "Reserve Fund Obligations Interest Account". On or before each interest payment date of the Reserve Fund Obligations, said amounts shall be deposited in the Interest Account.

(B) On or before each principal payment date and Sinking Fund Installment payment date of Reserve Fund Obligations, the Trustee shall withdraw from amounts in the Reserve Fund and deposit in the Principal Account, an amount which, when added to the amount then on deposit in the Principal Account and derived from sources other than Municipal Bonds Payment, will be equal to the Principal Installment of the Reserve Fund Obligations falling due on such date.

(C) On or before December 31 of each year, after complying with the provisions of paragraphs (1) and (2) above to the extent required by such date, the Trustee shall withdraw from the Reserve Fund, any amount remaining therein derived from income or interest earned and profits realized by the Reserve Fund due to the investment thereof, and pay over said amount to the Bank for deposit in the Operating Fund but only to the extent that there remains after such withdrawal an amount in the Reserve Fund at least equal to the Required Debt Service Reserve.

(D) The Reserve Fund Requirement may be satisfied with (i) monies made available by the State and paid to the Bank for the purpose of the Alaska Municipal Bond Bank Reserve Fund created by Section 44.85.270 of the Act in the amount provided by a Series Resolution; (ii) all monies paid to the Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Required Debt Service Reserve; (iii) such portion of the proceeds of sale of Bonds, if any, as shall be provided by any Series Resolution; (iv) Credit Enhancement; (v) any other monies which may be made available to the Bank for the purposes of the Reserve Fund from any other source or sources; or (vi) any combination of the foregoing.

(E) In the event there shall be, on any interest payment date, a deficiency in the Interest Account, or, in the event there shall be, on any principal payment date or Sinking Fund Installment payment date, a deficiency in the Principal Account, the Trustee shall make up such deficiencies from the Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of securities held in the Reserve Fund, if necessary, in such amounts as will, at the respective times, provide monies in the Interest Account and Principal Account sufficient to make up any such

deficiency. If a deficiency still exists immediately prior to a debt service payment date and after the withdrawal of cash, the Bank shall then draw from any Credit Enhancement for the Bonds in sufficient amount to make up such difference. Drawings under the Credit Enhancement shall be made on a pro-rata basis (in proportion to the respective maximum coverages) available under the Credit Enhancement. Such draw shall be made at such times and under such conditions as such Credit Enhancement shall provide.

Section 604 - Interest Account, Principal Account and Redemption Account.

(A) Except as otherwise provided in paragraph (3) of Section 204, the Trustee shall deposit Municipal Bonds Interest Payments and any other monies available for the payment of interest in the Interest Account upon receipt thereof. The Trustee shall, on or before each interest payment date of the Bonds, pay, out of amounts then held for the credit of the Interest Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the interest becoming due on the Bonds on such interest payment date, and such amounts so withdrawn are hereby irrevocably pledged for and shall be applied to the payment of such interest. The Trustee shall also pay out of the Interest Account to itself and the appropriate Paying Agents, on or before any redemption date for Bonds being refunded by Refunding Bonds, the amount required for the payment of interest on the Bonds then to be redeemed, to the extent not otherwise provided in this Resolution.

(B) The Trustee shall deposit Municipal Bonds Principal Payments and any other monies available for the payment of principal in the Principal Account, upon receipt thereof. The Trustee shall, on or before each principal payment date of or Sinking Fund Installment date for, the Bonds, pay, out of the monies then held for the credit of the Principal Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the principal or Sinking Fund Installment due on the Bonds on such date, and such amounts so withdrawn are hereby irrevocably pledged for and shall be applied to the payment of such principal or Sinking Fund Installment.

(C) The Trustee shall establish in the Redemption Account a separate sub-account for the Bonds of each Series Outstanding.

(1) Any monies deposited into the Redemption Account from any source other than pursuant to Section 607 or Section 916 shall be applied to the purchase or redemption of Bonds in a manner to be determined by the Bank in accordance with Article IV. Any monies deposited into the Redemption Account pursuant to Section 607 shall be applied to the purchase or redemption of Reserve Fund Obligations in a manner to be determined by the Bank in accordance with Article IV.

(2) The Bank shall deposit or cause to be deposited in the Redemption Account such portion of the monies received as the proceeds of sale or redemption of Municipal Bonds, as required by Section 916 hereof, and, upon any such deposit, shall advise the Trustee in writing of the Series of Bonds to which the same relates. Upon receipt, such monies shall be set aside by the Trustee in the appropriate Series sub-account. Monies so held in each separate sub-account by the Trustee shall be applied to the purchase or retirement of the Bonds of the Series in respect of which such sub-account was created as follows:

(i) The Trustee shall promptly apply such monies to the purchase of Bonds of the Series in respect of which such sub-account was created having the same maturity date or dates and in the same principal amount within each maturity as the Municipal Bonds Principal Payments required to be made for the Municipal Bonds sold by the Bank or redeemed by the Governmental Unit at the most advantageous price obtainable with reasonable diligence, such price, however, not to exceed the Redemption Price which would be payable on the next ensuing date on which the Bonds of the Series so purchased are redeemable according to their terms. The Trustee shall pay the interest accrued on the Bonds so purchased to the date of sale or redemption of the Municipal Bonds from the Interest account and the balance of the purchase price from the applicable sub-account in the Redemption Account, as hereinabove provided, but no such purchase shall be made by the Trustee within the period of forty-five

(45) days next preceding a date on which such Bonds are subject to redemption under the provisions of the Series Resolution authorizing the issuance thereof.

(ii) In the event the Trustee is able to purchase the requisite principal amount of Bonds from a sub-account in accordance with and under the foregoing provisions of this subparagraph (b) at a purchase price less than the sum of the deposits to such sub-account from the proceeds from the sale or redemption of Municipal Bonds and the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee shall transfer the balance of monies remaining in such sub-account to the Bank for deposit in the Operating Fund.

(iii) In the event the Trustee is unable to purchase the requisite principal amount of Bonds the Trustee shall call for redemption on the next ensuing redemption date such amount of Bonds of the Series in respect of which such sub-account was created having the same maturity date or dates and in the same principal amount within each maturity as the Municipal Bonds Principal Payments required to be made for the Municipal Bonds sold by the Bank or redeemed by the Governmental Unit, as, at the Redemption Price thereof, will exhaust said sub-account as nearly as may be. Such redemption shall be made pursuant to the provisions of Article IV hereof. The Trustee shall pay the interest accrued on the Bonds so redeemed to the date of sale or redemption of the Municipal Bonds from the Interest Account and the balance of such interest to the date of redemption of the Bonds and the Redemption Price from the applicable sub-account.

(3) The Bank may, from time to time, by written instructions direct the Trustee to make purchases under subparagraph (b) above only after receipt of tenders. The Bank may specify the length of notice to be given and the date on which tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. All such tenders shall be by sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified under subparagraph (b) above for

the purchase of Bonds. The Trustee shall accept tenders with the lowest price, as determined by the Trustee, and if the monies available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at an equal price above the amount of monies available for purchase then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five (45) days next preceding any date on which such Bonds are subject to redemption.

(D) Monies set aside from time to time with the Trustee and Paying Agents for the payment of principal or Redemption Price of, interest on and Sinking Fund Installments for, the Bonds shall be held in trust for the Holders of the Bonds. Until so set aside for the payment of such principal, Redemption Price, interest, and Sinking Fund Installments, all monies in such accounts shall be held in trust for the benefit of the Holders of all Bonds at the time Outstanding equally and ratably and without any preference or distinction as between Bonds of different Series, except that monies on deposit in the separate sub-accounts established in the Redemption Account shall be held in trust for and applied to the payment of the Bonds of the Series for which the applicable sub-account was established.

Section 605 - Rebate Fund. (A) The Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund which shall be held separate and apart from all other funds and accounts established under this Resolution and from all other moneys of the Trustee.

(B) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of this Resolution. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of the Rebate Requirement for all Series of Bonds, as verified in writing by an independent public accountant or other qualified professional selected by the Bank at the time the Rebate Requirement is determined, less amounts of the Rebate Requirement theretofore paid to the United States for all Series of Bonds, the Trustee

shall, upon the Bank's request, withdraw from the Rebate Fund and pay to or upon the order of the Bank an amount not to exceed such excess to the Bank for deposit in the Operating Fund.

(C) The Bank shall determine the amount of the Rebate Requirement with respect to each Series of Bonds on each applicable Rebate Calculation Date. The Bank shall deposit into the Rebate Fund the Rebate Requirement, if any, with respect to each Series of Bonds. The Bank shall instruct the Trustee to withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebate Requirement pertaining to such Series of Bonds plus the amount, if any, of Rebate Requirement theretofore paid to the United States with respect to such Series of Bonds, and (2) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebate Requirement with respect to such Series. The determination of rebatable arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Bank from the Rebate Fund pursuant to this Resolution must be verified in writing by an independent public accountant or other qualified professional selected by the Bank.

(D) The Trustee shall, at least sixty (60) days prior to each Rebate Calculation Date, notify the Bank of the requirements of this Section. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Bank with the requirements of Section 148 of the Code or any successor. The Bank expressly agrees that (notwithstanding any other provision of this Resolution) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Bank to comply with the requirements of said Section 148 or any successor thereof.

(E) The Trustee, on behalf of the Bank, shall keep and retain, until the date six years after the retirement of the last of the Bonds of each Series, records with respect to each Series of the Bonds and the investment and expenditure of amounts on deposit with the Trustee to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of amounts on deposit with the Trustee with respect to each Series of the Bonds. For purposes of the computation required above, the Trustee shall, upon request, furnish to the Bank all information in the Trustee's control which is necessary for such computations.

(F) The Bank hereby covenants and agrees that it will not enter, and will not cause the Trustee to enter into, any transaction or cause any transaction to be entered into with respect to the investment of gross proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified herein above, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each Series of the Bonds not been relevant to either party.

(G) The provisions of this Section may be amended or deleted, with respect to any or all series of the Bonds, from this Resolution upon receipt by the Bank and the Trustee of an opinion of bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

Section 606 - Operating Fund. There shall be deposited in the Operating Fund all Fees and Charges collected by the Bank or the Trustee, to the extent not otherwise encumbered or pledged, and any other monies which may be made available to the Bank for the purposes of the Operating Fund from any other source or sources including, without limiting the generality of the foregoing, amounts transferred pursuant to paragraph (3) of Section 603, subparagraph (b)(ii) of paragraph (3) of Section 604 and the amount received as a premium over the principal amount of a Series of Bonds, if any, to the extent provided in the Series Resolution authorizing such Series. Monies

at any time held for the credit of the Operating Fund shall be used for and applied solely to the following purposes:

(a) To pay the Administrative Expenses of the Bank;

(b) To pay the fees and expenses of the Trustee and Paying Agents;

(c) To pay financing costs incurred with respect to a Series of Bonds, including fees and expenses of the attorneys, initial Trustee's and Paying Agents' fees and expenses, costs and expenses of financial consultants, printing costs and expenses, the payment to any officers, departments, boards, agencies, divisions and commissions of, or reimbursement to, the State of any statement of cost and expense or advances rendered to the Bank pursuant to the Act, and all other financing and other miscellaneous costs; and

(d) To pay any expenses in carrying out any other purpose then authorized by the Act.

All amounts in the Operating Fund shall be free and clear of any lien or pledge created by this Resolution but shall be held and applied in accordance with this section.

Section 607 - Reduction of Required Debt Service Reserve. Whenever the amount of the Required Debt Service Reserve is reduced, the Trustee, only upon the written request of the Bank signed by an Authorized Officer, shall withdraw from any amounts on deposit in the Reserve Fund and deposit in the Redemption Account any amount not exceeding the amount of such reduction of the Required Debt Service Reserve. The amount to be withdrawn from the Reserve Fund in each instance pursuant to the provisions of this paragraph shall be determined by the Bank and the amount thereof certified to the Trustee in writing signed by an Authorized Officer.

Section 608 - Trustee's Maintenance of Records on Payment of Bonds. In connection with the payment, redemption or purchase of all Bonds under the provisions of this Resolution, the Trustee shall keep accurate records of the source of the monies used to pay, redeem or purchase such Bonds.

Section 609 - Obtaining Credit Enhancements and Interest Rate Exchange Agreements. Except as otherwise provided in a Series Resolution authorizing the

issuance of a Series of Bonds, the Bank may obtain Credit Enhancement or an Interest Rate Exchange Agreement with respect to such Bonds either at the time of issuance of the Bonds or any time thereafter.

Section 610 - Creation of Additional Funds, Accounts and Subaccounts; Separate Credit Enhancement Funds; Pledge with Respect to Credit Enhancements and Interest Rate Exchange Agreements. (A) The Trustee shall establish within any Fund such Accounts in addition to the Accounts herein established as the Bank shall by Series Resolution or Supplemental Resolution determine and shall in like manner establish within any Account such additional subaccounts for the purposes of such Account as the Bank shall so determine.

(B) The Bank may at any time by execution of a Series Resolution or Supplemental Resolution establish a Fund or Account in which to hold any Credit Enhancement and the proceeds thereof or drawings thereunder (a "Credit Enhancement Fund") for the benefit of any Series of Bonds to which such Credit Enhancement has been pledged, which pledge may be (but is not required to be) exclusively for the benefit of such Series of Bonds or certain designated Series of Bonds and not equally and ratably among all the Series of Bonds. Amounts held in a Credit Enhancement Fund shall not be considered a part of the Municipal Bonds Payment but, rather, shall be subject to such lien and pledge as may be created in the Series Resolution creating such Credit Enhancement Fund.

(C) If the Bank creates a Credit Enhancement Fund, the Bank may direct, in the Series Resolution creating such Credit Enhancement Fund, that the Trustee pay, and if so directed in writing by the Bank the Trustee shall pay, principal (including premium, if any) of and interest on the Bonds secured by such Credit Enhancement Fund directly from amounts in such Credit Enhancement Fund and that the Trustee reimburse, and if so directed in writing by the Bank the Trustee shall so reimburse, such Credit Enhancement Fund for such payment from the Credit Enhancement Fund; provided, however, that the Bank may, in the Series Resolution authorizing the Series of Bonds to be secured by Credit Enhancement, treat any, or any part of any, obligation owed or

which may in the future be owed to the Credit Enhancement Agency pursuant to the Credit Enhancement Instrument as the Series of Bonds secured by such Credit Enhancement if the Corporation, at the time of issuance of said Series of Bonds and at the time of the creation of any such obligation satisfies the requirements of Section 203, in which case the Trustee shall pay the principal of and interest on any such obligations in accordance with the terms of this Resolution treating such obligations as a Series of Bonds. In a Series Resolution authorizing a Series of Bonds secured by a Credit Enhancement Fund the Bank may fix provisions relating to such Fund pursuant to the terms of a Series Resolution. In addition to the foregoing, the Bank may agree to permit a Credit Enhancement Agency to be subrogated to the rights of any Bondholders whose Bonds are secured by the Credit Enhancement provided that such Credit Enhancement Agency is not in default under such Credit Enhancement.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701 - Security for Deposits. All monies held hereunder by the Trustee shall be continuously and fully secured, for the benefit of the Bank and the Holders of the Bonds in such manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee or any Paying Agent shall not be required to give security for the deposit of any monies with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any monies which shall be represented by obligations purchased under the provisions of this Resolution as an investment of such monies.

Section 702 - Investment of Funds and Accounts Held by the Trustee. (A) Upon the deposit of any amounts in any fund or account held by the Trustee under the provisions of this Resolution, in the manner hereinabove prescribed, the Bank may furnish the Trustee with a schedule of dates on which it is estimated by the Bank that such monies in said fund or account will be required to be expended. The Bank may from time to time amend the schedule so furnished. Upon receipt of such schedule or

amended schedule, the Bank may direct the Trustee to, or in the absence of receipt of such schedule or such direction the Trustee shall, invest and reinvest in Investment Securities the monies in said fund or account so that the maturity date or date of redemption at the option of the holder of such obligations shall coincide as nearly as practicable with the times at which monies are needed by the Bank to be so expended. The Bank also may direct the Trustee that all or part of the amounts in the Interest Account and the Principal Account in the Debt Service Fund not be invested for specified periods of time.

(B) Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account, except that the income or interest earned and profits realized by the Reserve Fund due to the investment thereof shall be transferred by the Trustee in accordance with and to the extent provided by paragraphs (1), (3) and (5) of Section 603.

(C) In determining whether or not the amount in the Reserve Fund is at least equal to the Reserve Fund Requirement, the Trustee shall include the amount of interest earned or accrued thereon as of the date of evaluation and shall also include, but only if any other requirement therefor specified in a Series Resolution has been satisfied, the principal component of any Credit Enhancement then on deposit in the Reserve Fund.

(D) Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Resolution whenever it shall be requested in writing by an Authorized Officer of the Bank to do so or whenever it shall be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the Bank in writing, on or before the twentieth day of each calendar month, of the details of all investments

held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.

Section 703 - Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article, in the manner provided in this Article, or for any loss resulting from any such investment so made except for its own negligence or default.

ARTICLE VIII

THE TRUSTEE AND THE PAYING AGENTS

Section 801 - Appointment and Acceptance of Duties of Trustee. J.P. Morgan Trust Company, National Association, a trust company or bank having the powers of a trust company doing business and having a corporate trust office in Seattle, Washington, is hereby appointed as Trustee for the Holders from time to time of the Bonds. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in the Resolution.

Section 802 - Appointment and Acceptance of Duties of Paying Agents. The Bank shall appoint one or more Paying Agents for the Bonds of any Series in the Series Resolution authorizing such Bonds or shall appoint such Paying Agent or Paying Agents by or pursuant to a resolution of the Bank adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 812 for the appointment of a successor Paying Agent. The Trustee may be appointed to act as Paying Agent notwithstanding that it may then be acting in the capacity of Trustee. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance executed and delivered to the Bank and the Trustee. The principal or corporate trust

offices of the Paying Agents are hereby designated as the respective agencies of the Bank for the payment of the interest on and principal or Redemption Price of the Bonds.

Section 803 - Responsibilities of Fiduciaries. (A) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Bank and the Fiduciaries assume any responsibility for the correctness of the same. No Fiduciary shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or in respect of the security afforded by this Resolution, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representations contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless indemnified to its satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others or the use or application by the Bank of the Bonds or the proceeds thereof.

(B) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Resolution, and no implied covenants or obligations shall be read into this Resolution against the Trustee, and, in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinion expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Resolution.

(C) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Resolution and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(D) No provision of this Resolution shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that (1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Resolution, and (3) no provision of this Resolution shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Except as otherwise expressly provided herein, the Trustee shall determine whether any conditions or requirements set forth herein for any purpose have been met, and such determination by the Trustee shall be conclusive.

(E) Regardless of whether it is therein expressly so provided, every provision of this Resolution, any Series Resolution, or any related document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(F) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Resolution at the request or direction of any of the Bondholders pursuant to this Resolution, unless such Bondholders shall have offered to the Trustee security or indemnity to its satisfaction against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(G) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document.

(H) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(I) The permissive right of the Trustee to do things enumerated in this Resolution shall not be construed as a duty.

(J) In accepting the trusts hereby created, the Trustee acts solely as Trustee for the Bondholders and not in its individual capacity and all persons, including, without limitation, the Bondholders and the Bank having any claim against the Trustee arising from this Resolution shall look only to the funds and accounts held by the Trustee or its agent hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

Section 804 - Evidence on Which Fiduciaries May Act. Each Fiduciary may rely and shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, 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. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Bank, and the opinion of such shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in reliance thereon. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as

otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Bank to any Fiduciary shall be sufficiently executed if executed in the name of the Bank by an Authorized Officer.

Section 805 - Compensation. The Bank shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under this Resolution. The Bank further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

Section 806 - Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Section 807 - Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than ninety (90) days' written notice to the Bank and to the registered owners of Bonds, specifying the date when such resignation shall take effect and such resignation shall take effect immediately upon the appointment of a successor Trustee pursuant to Section 809 hereof.

Section 808 - Removal of Trustee. The Trustee shall be removed by the Bank if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Bank, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Bank. The Bank may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Bank by filing with the Trustee an instrument signed by an Authorized Officer of the Bank.

Section 809 - Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Bank covenants and agrees that it will thereupon appoint a successor Trustee. The Bank shall provide written notice of such appointment to the registered owners of the Bonds.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Bank written notice, as provided in Section 807, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section 809 in succession to the Trustee shall be a trust company or bank in good standing having the powers of a trust company within or outside the State, and having a capital and surplus aggregating at least Fifty Million Dollars ($50,000,000) if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

Section 810 - Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Bank, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Bank, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Bank be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Bank. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee. The Bank shall pay the expenses of effecting a transfer under this Section.

Section 811 - Merger or Consolidation. Any company into which the Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which Fiduciary may sell or transfer all of its corporate trust business, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, provided that such company shall be a trust company or bank which is qualified to be a successor to the Trustee under Section 809 or which is qualified to be a successor to the Paying Agent under Section 812.

Section 812 - Resignation or Removal of the Paying Agents and Appointment of Successors. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days written notice to the Bank and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Bank. Any successor Paying Agent shall be appointed by the Bank and shall be a trust company or bank having the powers of a trust company having a capital and surplus aggregating at least Fifty Million Dollars ($50,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any monies held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee shall act as such Paying Agent.

Section 813 - Evidence of Signatures of Bondholders and Ownership of Bonds.

(A) Any request, consent or other instrument which this Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory

to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which she purports to act, that the person signing such request or other instrument 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. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary;

(2) The amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an officer of a trust company, bank, financial institution or other depository or member of the National Association of Securities Dealers, Inc. wherever situated, showing that at the date therein mentioned such person exhibited to such officer or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by such officer that the depository held that Bonds therein referred to on the date of the certificate and that they will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee, and a certificate of the Trustee, which need not be acknowledged or verified, that such consent has not been given.

(B) Except in the case of Bonds transferable by delivery only, the ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any

Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Bank or any Fiduciary in accordance therewith.

ARTICLE IX

COVENANTS OF THE BANK

The Bank covenants and agrees with the Holders of the Bonds as follows:

Section 901 - Payment of Bonds. The Bank shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof, and shall duly and punctually pay, or cause to be paid, all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

Section 902 - Extension of Payment of Bonds. The Bank shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default under this Resolution to the benefit of this Resolution or to any payment out of any assets of the Bank or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to this Resolution) prior to benefits accorded to or the payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Bank to issue Refunding Bonds as provided in Section 203 and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 903 - Offices for Servicing Bonds. The Bank shall at all times maintain an office or agency where Bonds may be presented for transfer or exchange, and where notices, presentations and demands upon the Bank in respect of the Bonds or of this Resolution may be served. The Bank hereby appoints the Trustee as its agent

to maintain such office or agency for the transfer or exchange of Bonds and for the service of such notices, presentations and demands upon the Bank and may appoint one or more co-registrars for such purposes. The Bank hereby appoints the Trustee as Paying Agent and hereby appoints the Paying Agent as its agent to maintain such offices or agencies for the payment of Bonds.

Section 904 - Further Assurances. At any and all times the Bank shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary for the better assuring, conveying, granting, assigning, confirming all and singular the rights, Municipal Bonds Payments, the Municipal Bonds and other monies, securities, funds and property hereby pledged or assigned, or intended so to be, or which the Bank may hereafter become bound to pledge or assign.

Section 905 - Power to Issue Bonds and Make Pledges. The Bank is duly authorized pursuant to law to authorize and issue the Bonds for the purposes herein authorized and to adopt this Resolution and to pledge the Municipal Bonds Payments, the Municipal Bonds and other monies, securities, funds and property purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Municipal Bonds Payments, the Municipal Bonds, and other monies, securities, funds and property so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, except for the liens in favor of the Trustee and Paying Agents provided in Section 805 hereof, and all corporate or other action on the part of the Bank to that end has been duly and will be duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Bank in accordance with their terms. The Bank shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Municipal Bonds Payments, the Municipal Bonds and other monies, securities, funds

and property pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

Section 906 - General Covenants of the Bank. (A) The Bank shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Bank under law and this Resolution in accordance with the terms hereof.

(B) Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law and this Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Bank, shall be within every debt and other limit prescribed by the laws of the State.

(C) The Bank does hereby pledge to and agree with the Holders of the Bonds that it will not cause the State to limit or alter the rights vested by the Act in the Bank to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

(D) Upon failure of a Governmental Unit to make any principal or interest payment on the date specified in, and as required by, the applicable Loan Agreement securing payment of the Municipal Bonds, the Trustee shall immediately notify the Executive Director of the Bank who shall then take the following actions:

(i) the Executive Director shall within two days of the Governmental Unit's failure to make the Municipal Bonds Payment pursuant to the terms of the applicable Loan Agreement, contact such Governmental Unit and request payment;

(ii) in the event payment is not made by the Governmental Unit pursuant to (i) above, the Trustee shall make up such deficiencies from the Reserve Fund as provided for in Section 603(E) of this Resolution;

(iii) in the event payment is not made by the Governmental Unit pursuant to (i) above, and the Reserve Fund is drawn upon to make up such deficiency pursuant to (ii) above, the Executive Director shall initiate intercept proceedings with the applicable State agencies pursuant to Section 917 of this Resolution;

(iv) in the event amounts collected pursuant to (iii) above are insufficient to replenish amounts held in the Reserve Fund to the Reserve Fund Requirement, the Executive Director shall contact the Governor of the State and the State legislature as set forth in Section 911(B) of this Resolution; and

(v) if there remains a deficiency in the Reserve Fund after the Executive Director has exhausted the requirements found in (i) through (iv) above, the Executive Director shall request a loan from the Department of Revenue pursuant to AS 44.85.270(i) and provide for such loan to be used to cause the amount in the Reserve Fund to satisfy the Reserve Fund Requirement.

Section 907 - Accounts and Reports. (A) The Bank shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Municipal Bonds Payments, Municipal Bonds, the Fees and Charges and all funds and accounts established by this Resolution, which shall at all reasonable times be subject to the inspection of the Trustee or the Holders of an aggregate of not less than twenty-five per centum (25%) in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(B) The Bank shall annually, on or before the last day of January in each year, file with the Trustee a copy of an audit for the preceding Fiscal Year, accompanied by an Accountant's Certificate, and an annual report setting forth in complete and reasonable detail: (a) its operations and accomplishments; (b) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the Bank for its operating and capital outlay purposes; (c)

its assets and liabilities at the end of such Fiscal Year, including a schedule of its Municipal Bonds Payments, Municipal Bonds, Fees and Charges and the status of reserve, funds and the funds and accounts established by this Resolution; and (d) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year. A copy of each such annual report and Accountant's Certificate shall be mailed promptly thereafter by the Trustee to each Bondholder who shall have filed his name and address with the Bank for such purpose.

Section 908 - Personnel and Servicing of Programs. (A) The Bank shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Bank shall be qualified for their respective positions.

(B) The Bank may pay to the respective State agency, governmental unit or political subdivision of the State from the Operating Fund such amounts as are necessary to reimburse the respective State agency, governmental unit or political subdivision of the state for the reasonable costs of any services performed for the Bank.

Section 909 - Waiver of Laws. The Bank shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Bank.

Section 910 - Fees and Charges. The Bank shall establish, make, maintain and charge such Fees and Charges to each Governmental Unit to which a Loan is made, and shall from time to time revise such Fees and Charges whenever necessary, so that such Fees and Charges actually collected from each such Governmental Unit will at all

times produce monies which, together with such Governmental Unit's Allocable Proportion of other monies available under the provisions of this Resolution, and other monies available therefor, including any grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to paragraph (3) of Section 603, will be at least sufficient:

(a) To pay, as the same become due, the Governmental Unit's Allocable Proportion of the Administrative Expenses of the Bank; and

(b) To pay, as the same become due, the Governmental Unit's Allocable Proportion of the fees and expenses of the Trustee and Paying Agents.

The Bank shall provide the Trustee with a schedule of the Fees and Charges to be paid by each Governmental Unit, and of each revision thereof, and shall require each Governmental Unit to make payment of the Fees and Charges required to be paid by it directly to the Trustee. The Trustee shall promptly advise the Bank of each and every failure of a Governmental Unit to make payment of Fees and Charges when due in accordance with the applicable schedule.

Section 911 - Administration of Reserve Fund. (A) The Bank shall establish and maintain the Reserve Fund in accordance with the provisions of this Resolution. All monies and securities held in the Reserve Fund shall be used, disbursed and applied only in accordance with the provisions of this Resolution and for no other purpose. Monies and securities held in the Reserve Fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount in such Fund to an amount less than the Required Debt Service Reserve except as otherwise provided in this Resolution.

(B) The Bank shall cause the Chairman of the Board of Directors of the Bank annually, before each January 30, to make and deliver to the Governor of the State and to the legislature his certificate stating the amount, if any, required to restore the Alaska Municipal Bond Bank Reserve Fund to the amount of the Required Debt Service Reserve and a copy of such certificate shall be promptly delivered by the Bank to the

Trustee. Monies received by the Bank from the State pursuant to such a certification, in accordance with the provisions of Section 44.85.270(g) of the Act shall, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Required Debt Service Reserve, be deposited in the Reserve Fund, as required by paragraph (D) of Section 603.

(C) The Bank shall annually submit to the State a budget request for an appropriation to cause, if necessary, amounts held in the Reserve Fund to equal the Reserve Fund Requirement. **(Amendment: Effective August 19, 2009)**

Section 912 - Issuance of Additional Obligations. (A) The Bank shall not subsequent to the issuance of the initial Series of Bonds under this Resolution create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Municipal Bonds and the Municipal Bonds Payments or which will be payable from the Debt Service Fund or the Reserve Fund, except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of the initial Series of Bonds under this Resolution on a parity with the Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments and payable equally and ratably from the Debt Service Fund and Reserve Fund for the purposes of (i) making Loans to Governmental Units, (ii) making payments into the Interest Account, (iii) making payments into the Reserve Fund, (iv) funding of Notes theretofore issued by the Bank for any purposes for which Bonds may have been issued, and (v) subject to the provisions and limitations of Section 203, the refunding of any Bonds then Outstanding, under the conditions and subject to the limitations in this Section 912 provided.

(B) No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under this Resolution unless:

(1) the aggregate principal amount of Bonds and Notes of the Bank outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds will not exceed any limit thereon imposed by law;

(2) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by this Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;

(3) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds and the deposit in the Reserve Fund of any amount provided therefor in the Series Resolution authorizing the issuance of such additional Bonds, shall not be less than the Required Debt Service Reserve; and

(4) the maturities of, or Sinking Fund Installments for, the additional Bonds then being issued representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds in accordance with the provisions of Section 203, shall be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

(C) The Bank expressly reserves the right to adopt one or more other general obligation bond resolutions and reserves the right to issue Notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges or payable from the Debt Service Fund or the Reserve Fund created pursuant to this Resolution.

Section 913 - Loan Agreement Provisions. No Loan shall be made by the Bank from the proceeds of the sale of Bonds, and no Bonds shall be issued by the Bank for the purpose of providing funds with which to make a Loan, unless the Loan Agreement under which such Loan is to be made shall comply with, and no Bonds shall be issued by the Bank to fund Notes or to refund Bonds unless the Loan Agreement under which the Loan was made from the proceeds of such Notes or Bonds, shall also comply with, the following terms, conditions, provisions and limitations:

(a) The Governmental Unit which is a party to such Loan agreement must be a Governmental Unit as defined by the Resolution and the Loan Agreement must be executed in accordance with existing laws;

(b) The Governmental Unit, prior to or simultaneously with the issuance of Bonds of the Bank issued to make a Loan to the Governmental Unit, shall issue

Municipal Bonds which are valid obligations of the Governmental Unit as required by the Act;

(c) The Municipal Bonds Interest Payments to be made by the Governmental Unit under such Loan Agreement shall be not less than the interest payments the Bank is required to make on the Loan Obligation and shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay interest on the Loan Obligation as the same becomes due;

(d) The Municipal Bonds Principal Payments to be made by the Governmental Unit under such Loan Agreement shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay the principal of the Loan Obligation as the same matures;

(e) The Governmental Unit shall be obligated to pay Fees and Charges to the Bank at the times and in the amounts which will enable the Bank to comply with the provisions of Section 910;

(f) The Governmental Unit shall agree that in the event the amounts referred to in paragraphs (c) and (d) are not paid by it to the Bank on or before the times specified in the Loan Agreement, any money payable to the Governmental Unit by any department or agency of the State shall be withheld from such Governmental Unit and paid over directly to the Trustee acting under the General Obligation Bond Resolution and that the said agreement shall be full warrant, authority and direction to make such payment to any official of the State responsible for such payment upon notice to such official by the Bank as provided in the Act:

(g) The Bank shall not sell and the Governmental Unit shall not redeem prior to maturity any of the Municipal Bonds with respect to which the Loan is made in an amount greater than the Outstanding Bonds issued with respect to such Loan which are then redeemable, and in the event of any such sale or redemption of such Municipal Bonds, the same shall be in an amount not less than the aggregate of (i) the principal

amount of the Loan Obligation so to be redeemed, (ii) the interest to accrue on the Loan Obligation so to be redeemed to the next redemption date thereof not previously paid, (iii) the applicable premium, if any, payable on the Loan Obligation so to be redeemed, and (iv) the costs and expenses of the Bank in effecting the redemption of the Loan Obligation so to be redeemed; provided, however, that in the event the Loan Obligation has been refunded and the Refunding Bonds therefor were issued in a principal amount in excess of or less than the Loan Obligation remaining unpaid at the date of issuance of such Refunding Bonds, the amount which the Governmental Unit shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such Refunding Bonds Outstanding. In the event the Loan Obligation has been refunded and the interest the Bank is required to pay on the Refunding Bonds therefor is less than the interest that the Bank was required to pay on the Loan Obligation, the amount which the Governmental Unit shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such Refunding Bonds Outstanding.

(h) The Governmental Unit shall give the Bank at least fifty (50) days' notice of intention to redeem its Municipal Bonds.

Section 914 - Modification of Loan Agreement Terms. The Bank shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal of or interest on any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders; provided, however, that, in the event the Loan Obligation is being or has been refunded and the Refunding Bonds therefor are in a principal amount in excess of or less than the principal amount of the Bonds refunded, the Bank may consent to the modification of and modify the Loan agreement relating to such Loan and the Municipal Bonds evidencing the same, and the Municipal Bonds Payments to be made thereunder so long as such Municipal Bonds Payments are

sufficient in amount and payable at the times required for the payment of the principal of and interest on such Refunding Bonds, and further provided, however, that, in the event the Loan Obligation has been refunded and the interest the Bank is required to pay on the Refunding Bonds issued for the purpose of refunding such original Bonds is less than the interest the Bank was required to pay on such original Bonds refunded by the Bank, the Municipal Bonds Interest Payments to be made by the Governmental Unit in respect of such Loan may be reduced so that the amounts required to be paid shall be sufficient to pay interest on such Refunding Bonds Outstanding.

Section 915 - Sale of Municipal Bonds by Bank. The Bank shall not sell any Municipal Bonds except as provided in subsection (g) of Section 913.

Section 916 - Disposition of the Proceeds of Sale or Redemption of Municipal Bonds. In the event Municipal Bonds or other obligations securing a Loan shall be sold by the Bank or redeemed by the Governmental Unit in accordance with terms of the applicable Loan Agreement, the Bank shall, upon such sale by the Bank or redemption by the Governmental Unit, deposit the proceeds of such sale or redemption, except an amount thereof equal to the costs and expenses of the Bank in effecting the redemption of the Bonds to be redeemed, into the applicable sub-account or sub-accounts in the Redemption Account and shall apply the same to the purchase, retirement or redemption of the appropriate Bonds in accordance with the provisions of this Resolution. The balance in such applicable sub-account or sub-accounts of such proceeds of sale or redemption of Municipal Bonds after the redemption of the Bonds to be redeemed shall be deposited in the Operating Fund.

Section 917 - Enforcement of Municipal Bonds. The Bank shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds evidencing Loans made by the Bank, including the prompt collection, and the giving of notice to the Commissioner of Revenue, Commissioner of Commerce, Community and Economic Development and the Commissioner of Administration and any other department or agency of the State which is custodian of any money payable

to the Governmental Unit of any failure or default of the Governmental Unit in the payment of its Municipal Bonds Payment and shall promptly transfer any such monies, upon receipt thereof, to the Trustee and, in such event, or if such monies are paid directly to the Trustee, the Trustee shall deposit any such monies in the Principal Account and Interest Account in place of said unpaid Municipal Bonds Payment or in the event deficiencies in said Accounts created by such default shall have been made up by the Reserve Fund pursuant to paragraph (5) of Section 603, in the Reserve Fund to the extent of such deficiencies.

Section 918 - Continuing Disclosure; Bankruptcy. (A) The Bank hereby covenants and agrees that it will comply with and carry out all the provisions of each Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Bank to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default, and any Bondholder may take such actions only as may be provided in such Continuing Disclosure Certificate.

(B) The Bank hereby covenants and agrees that it will notify the Rating Agencies then rating the Bonds of any change in the Act which would permit it or require it to declare bankruptcy under the Bankruptcy Code.

Section 919 - Tax Covenants. The Bank shall not knowingly take or cause any action to be taken which would cause interest on any Bonds to become taxable for federal income tax purposes. The Bank shall at all times do and perform all acts and things necessary or desirable, including, but not limited to, complying with the rebate provisions of Section 148 of the Code, as applicable, and complying with the provisions of any letter of instructions from bond counsel, in order to assure that interest paid on Bonds shall, for purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from taxation. The Bank shall not permit at any time or times any proceeds of any Bonds or any amounts held hereunder to be used, directly or indirectly, in a manner which would result in the exclusion of any Bond from the treatment afforded by subsection (a) of Section 103 of the Code.

ARTICLE X

SERIES RESOLUTION AND SUPPLEMENTAL RESOLUTIONS

Section 1001 - Modification and Amendment without Consent. Notwithstanding any other provisions of this Article X, or Article XI, the Bank may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(A) To provide for the issuance of a Series of Bonds pursuant to the provisions of this Resolution and to specify and determine such matters and things referred to in Article II of this Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(B) To add to the covenants and agreements of the Bank for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Bank contained in this Resolution;

(C) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Bank which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(D) To surrender any right, power or privilege reserved to or conferred upon the Bank by the terms of this Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Bank contained in this Resolution;

(E) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this Resolution of the Municipal Bonds and Municipal Bonds Payments or of any other monies, securities or funds;

(F) To modify any of the provisions of this Resolution or any previously adopted Series Resolution in any other respect; provided that such modifications shall not be

effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such modified resolutions shall contain a specific reference to the modifications;

(G) To cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

Section 1002 - Supplemental Resolutions Effective with Consent of Bondholders. The provisions of this Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, with the consent of Bondholders in accordance with and subject to the provisions of Article XI which Supplemental Resolution, upon the filing with the Trustee of a copy thereof, certified by an Authorized Officer and upon compliance with the Article XI, shall become fully effective in accordance with its terms as provided in said Article.

Section 1003 - General Provisions Relating to Series Resolutions and Supplemental Resolutions. This Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the Bank to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 904 or the right or obligation of the Bank to execute and deliver to the Trustee or any Paying Agent any instrument which elsewhere in this Resolution it is provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Bank when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Bank and enforceable in

accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditor's rights generally from time to time in effect).

The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Bank without the written consent of the Trustee or Paying Agent affected thereby.

ARTICLE XI
AMENDMENTS

Section 1101 - Powers of Amendment. Any modification or amendment of this Resolution and of the rights and obligations of the Bank and of the Holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 1102, (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that such modification or amendment shall not (i) permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefor, (ii) or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) permit the

creation of any lien prior to or on a parity with the lien created by this Resolution (except in the manner provided by this Resolution) or deprive the Holders of the Bonds of the lien created by this Resolution, without the consent of the Holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series.

Section 1102 - Consent of Bondholders. (A) The Bank may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1101, to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto), together with a request to Bondholders for their consent thereto, shall be to by, or on behalf of, the Bank's to Bondholders . Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Bank in accordance with the provisions of this Resolution, is authorized or permitted hereby and is valid and binding upon the Bank and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter provided in this Section.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 813. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 813 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor

(regardless of whether such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 813. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Bank and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution adopted by the Bank on a stated date, a copy of which is on file with the Trustee, has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Bank by mailing such notice to Bondholders at least once not more than ninety days (90) after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The Bank shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Bank, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for purpose

commenced within such forty day period; except that any Fiduciary and the Bank during such forty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 1103 - Modifications by Unanimous Consent. The terms and provisions of this Resolution and the rights and obligations of the Bank and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Bank of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102, except that no notice to Bondholders either by mailing or publication shall be required provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or Paying Agents without the filing with the Trustee of its written assent thereto in addition to the consent of Bondholders.

Section 1104 - Mailing and Publication. Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Bank, (ii) to each Holder of any Bond payable to bearer who shall have filed with the Trustee an address for notices, and (iii) to the Trustee.

Section 1105 - Exclusion of Bonds. Bonds owned or held by or for the account of the Bank shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Resolution, and the Bank shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Resolution. At the time of any consent or other action taken under this Resolution, the Bank shall furnish the Trustee a certificate of an authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 1106 - Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article X or XI provided may, and if the Trustee so determines, shall, bear notation by endorsement or otherwise in form approved by the Bank and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Bank or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Bank to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XII
DEFAULTS AND REMEDIES

Section 1201 - Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 44.85.310 and 320 of the Act and the right of Bondholders to appoint a trustee pursuant to Section 44.85.310 and 320 of the Act is hereby abrogated pursuant to Section 44.85.220(18) of the Act.

Section 1202 - Events of Default. Each of the following events is hereby declared an "Event of Default," that is to say; if

(a) the Bank shall default in the payment of the principal or Redemption Price of, Sinking Fund Installment for, or interest on, any Bond when and as the same shall become due whether at maturity or upon call for redemption, or otherwise; or

(b) the Bank shall fail or refuse to comply with the provisions of Section 44.85.270(g) of the Act, or such amounts as shall be certified by the Chair of the Bank to the Governor and to the Legislature pursuant to such provisions of the Act shall not be appropriated and paid to the Bank prior to the termination of the then current State fiscal year; or

(c) the Bank shall fail or refuse to comply with the provisions of the Act, other than as provided in (b) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in this Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds.

Provided, however, that an Event of Default shall not be deemed to exist under the provisions of this paragraph (c) upon the failure of the Bank to make and collect Fees and Charges required to be made and collected by the provisions of this Resolution or upon the failure of the Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payment so long as the Bank may otherwise be directed by law and so long as the Bank shall be provided with monies from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same shall become due during the period for which the Bank shall be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

Section 1203 - Remedies. (A) Upon the happening and continuance of any Event of Default specified in paragraph (a) of Section 1202, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraphs (b) and (c) of Section 1202, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bank to make and collect

Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, require the Bank to account as if it were the trustee of an express trust for the Holders of the Bonds;

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(B) Upon the occurrence of an Event of Default under Section 1202(a), unless the principal of all the Bonds shall have already become due and payable, the Trustee, by notice in writing to the Bank, may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, shall, in accordance with the provisions of the Act, declare the principal of all the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Resolution or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered, the Bank shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in

every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Bank and to the Trustee, may, on behalf of the Holders of all of the bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

(C) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Bank for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Bank for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

Section 1204 - Priority of Payments After Default. During the continuance of an Event of Default, in the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with interest on overdue installments of interest and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds together with interest on overdue installments of interest without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section 1204, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust

for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Bank, to any Bondholder or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. Interest on overdue installments of interest shall be equal to the rate on the Bond as to which the interest installment is overdue.

The provisions of this Section 1204 are in all respects subject to the provisions of Section 902.

Section 1205 - Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 1206 - Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise then in accordance with law or the

provisions of this Resolution, and that the Trustee shall have the right to decline to following any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 1207 - Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds. Notwithstanding the foregoing provisions of this Section or any other provisions of this Article XII, the obligation of the Bank shall be absolute and unconditional to pay the principal or Redemption Price of and interest on the Bonds to

the respective Holders thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Section 1208 - Possession of Bonds by Trustee Not Required. All rights of action under this Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of this Resolution.

Section 1209 - Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, or by statute.

Section 1210 - No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds 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 an acquiescence therein; and every power and remedy given by this Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 1211 - Notice of Event of Default. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Fund or the Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in

good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

ARTICLE XIII
DEFEASANCE

Section 1301 - Defeasance. (A) If the Bank shall pay or cause to be paid to the Holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Resolution, and also shall pay or cause to be paid all other sums payable hereunder by the Bank, including any amounts payable to the United States, then the pledge of any revenues and assets hereby pledged and all other rights granted hereby shall, at the election of the Bank (evidenced by a certificate of an Authorized Officer filed with the Trustee, signifying the intention of the Bank to discharge all such indebtedness and this Resolution and any Supplemental Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, be discharged and satisfied. In such event, the Trustee shall, upon the written request of the Bank, execute and deliver to the Bank all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Bank all moneys or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) If funds shall have been set aside and shall be held in trust by Fiduciaries for the payment of principal, interest and Redemption Price (through deposit by the Bank of funds for such payment or redemption or otherwise) at the maturity or upon the date upon which such Bonds have been duly called for redemption thereof, such Bonds

shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bank shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either funds in an amount which shall be sufficient, or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds defeased and the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient in the opinion of an Accountant delivered to the Trustee, to pay when due the principal or Redemption Price, if any, and interest due and to become due on said Bonds on any date prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Bank shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the Holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of said Bonds and (iv) a Counsel's Opinion stating that all conditions precedent to the satisfaction and discharge of this Resolution have been complied with, the defeasance complies with the terms of this Resolution, and the defeasance will not adversely affect the tax status of the Bonds. Neither Investment Securities or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such

principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Bank, as received by the Trustee, free and clear of any trust, lien or pledge.

(C) If, through the deposit of moneys by the Bank or otherwise, the Fiduciaries shall hold, pursuant to this Resolution, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds or to pay, in the case of Bonds in respect of which the Bank shall have taken all action necessary to redeem prior to maturity, the Redemption Price and interest to such redemption date, then at the written request of the Bank all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of Outstanding Bonds.

(D) Anything in this Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for one year after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for one year after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Bonds became due and payable, shall be repaid by the Fiduciary to the Bank, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged.

(E) The references in this section to "Investment Securities described in clause (1) of the definition thereof" shall include only direct and general obligations of the United States which are not-callable prior to the scheduled maturity in the related escrow deposit agreement where the Outstanding Bonds to be deemed to be paid upon

the deposit thereof are insured by a municipal bond insurance company licensed and authorized to issue the policy in the State.

ARTICLE XIV

MISCELLANEOUS

Section 1401 - Preservation and Inspection of Documents. All documents received by the Trustee or any Paying Agent under the provisions of this Resolution or any Series Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Bank, the Trustee or any Paying Agent and, after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of five percent in principal amount of any Series of Outstanding Bonds, and their agents and representatives, any of whom may make copies thereof.

Section 1402 - Parties of Interest. Nothing in this Resolution or in any Series Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Bank, Trustee, Paying Agents and the Holders of the Bonds, remedies or claims under or by reason of this Resolution or any Series Resolution or any covenants, conditions or stipulations thereof; and all covenants, stipulations, promises and agreements in this Resolution and any Series Resolution contained by or on behalf of the Bank shall be for the sole and exclusive benefit of the Bank, Trustee and Paying Agents and the Holders from time to time of the Bonds.

Section 1403 - No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Bank contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Bank and not of any member, officer or employee of the Bank in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption price of or interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of the Bank or any natural person executing the Bond.

Section 1404 - Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations, provided in this Resolution on the part of the Bank, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.

Section 1405 - Headings. Any headings preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 1406 - Conflict. All resolutions or parts of resolutions or other proceedings of the Bank in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 1407 - Governing Law. This Resolution and the Bonds shall be construed in accordance with, and governed by, the laws of the State of Alaska.

Section 1408 - Effective Date. This Resolution shall take effect immediately upon its adoption.

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APPENDIX G

DTC and Book-Entry System

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DTC AND BOOK-ENTRY SYSTEM

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2014 Series Two Bonds. The 2014 Series Two Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2014 Series Two Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from Standard & Poor's of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2014 Series Two Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Series Two Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 Series Two Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Series Two Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2014 Series Two Bonds, except in the event that use of the book-entry system for the 2014 Series Two Bonds is discontinued.

4. To facilitate subsequent transfers, all 2014 Series Two Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Series Two Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Series Two Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Series Two Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2014 Series Two Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Series Two Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2014 Series Two Bond documents. For example, Beneficial Owners of 2014 Series Two Bonds may wish to ascertain that the nominee holding the 2014 Series Two Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2014 Series Two Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2014 Series Two Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2014 Series Two Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the 2014 Series Two Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Bank or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the 2014 Series Two Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2014 Series Two Bond certificates are required to be printed and delivered.

10. The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Series Two Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

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ALASKA MUNICIPAL BOND BANK • GENERAL OBLIGATION BONDS, 2014 SERIES TWO

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