

**ALASKA MUNICIPAL BOND BANK
AUTHORITY**

BOARD OF DIRECTOR'S MEETING

**TO BE HELD AT
Offices of
Arctic Slope Native Association
4772 Ahkovak St.
Barrow, Alaska**

August 28, 2013

11:00 A.M.





333 Willoughby Avenue, 11th floor
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Juneau, Alaska 99811-0405

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AGENDA FOR BOARD OF DIRECTOR'S MEETING

Offices of
Barrow, Alaska
August 28, 2013 at 11:00 a.m.

- I. **Call to Order**
- II. **Roll Call**
- III. **Public Meeting Notice**
- IV. **Approval of Agenda**
- V. **Election of Officers - Chairman (Currently Mark Pfeffer), Vice Chairman (Currently Luke Welles), Secretary-Treasurer (Currently Deven Mitchell), Deputy Secretary-Treasurer (Currently Pam Leary)**
- VI. **Minutes of the May 2, 2013 Meeting of the Board of Directors**
- VII. **General Business**
 - A. **Loan Application – City & Borough of Juneau**
 - B. **Loan Application Lake & Peninsula Borough**
 - C. **Loan Application City and Borough of Sitka**
 - D. **Loan Application City of King Cove**
 - E. **Resolution 2013-04 - 2013 Three Bond Issuance Authorization (Sitka, Juneau, King Cove, & Juneau)**
 - F. **2013 Two Post Sale Summary**
 - G. **Executive Director's Report**
- VIII. **Public Comments**
- IX. **Board Comments**
- X. **Adjournment**

The Alaska Municipal Bond Bank Authority will hold a meeting in the Offices of the Arctic Slope Native Association, 4772 Ahkovak Street, Barrow, AK on August 28, 2013 at 11 a.m. The meeting will include, but is not limited to, the following agenda items:

City & Borough of Juneau Loan Request
Lake & Peninsula Borough Loan Request
City and Borough of Sitka Loan Request
City of King Cove Loan Request
Resolution 2013-04 authorizing the issuance of 2013 Three bond issue
Post Sale Summary 2013 Two Bond Issue
Executive Directors Report

The public is invited to attend. Individuals who may need special modifications to participate should call 907-465-3750 prior to the meeting.

Dated August 21, 2013
Deven Mitchell, Executive Director

Notice of Meeting - Department of Revenue - Alaska Municipal Bond Bank Authority

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City of King Cove Loan Request

Resolution 2013-04 authorizing the issuance of 2013 Three bond issue

Post Sale Summary 2013 Two Bond Issue

Executive Directors Report

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Dated August 21, 2013

Deven Mitchell, Executive Director

Attachments, History, Details

Attachments

None

Revision History

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Details

Department:	Revenue
Category:	Agency Meetings
Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	
Publish Date:	8/21/2013
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Events/Deadlines:

OFFICIAL MINUTES for the BOARD OF DIRECTORS MEETING

ALASKA MUNICIPAL BOND BANK AUTHORITY

May 2, 2013

I. CALL TO ORDER

Mark Pfeffer called the meeting to order on May 2, 2013 at 8:00 a.m. Members participated at Offices of Wohlfort, Brecht, Cartledge, and & Brooking, 900 West 5th Ave., Suite 600 Anchorage, AK and by telephone.

II. ROLL CALL

Present- Luke Wells
Deven Mitchell
Angela Rodell
Ted Leonard
Mark Pfeffer
Greg Gurse (via phone)

OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank Authority
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht, Cartledge & Brooking
- Chip Pierce, Financial Advisor, Western Financial Group
- Karl Short, Finance Director, Kodiak Island Borough
- Tom Klinkner, Bond Counsel, Birch Horton Bittner & Cherot
- Isaak Sine- J.P. Morgan
- Scott McJanet- Bond Counsel, KL Gates
- Bob Newell, Finance Director, City of Ketchikan

- Ryan Williams, Operations Research Analyst, SOA Department of Revenue

III. PUBLIC MEETING NOTICE

A copy of the Online Public Notice concerning the date, location, and purpose of the meeting was reviewed for the record.

IV. APPROVAL OF AGENDA

Ms. Rodell moved approval of the agenda, and Mr. Wells seconded the motion. Without objection, the agenda was approved as written.

V. MINUTES OF PREVIOUS 1/28/2013 and 2/19/2013 Board of Directors Meeting

Ms. Rodell moved and Mr. Wells seconded approval of the minutes of January 28, 2013 and February 19, 2013 Bond Bank Board of Directors Meeting. Without objection, the minutes were approved as written.

VI. GENERAL BUISNESS

Kodiak Island Borough Loan Request

Mr. Pierce presented an overview of the revenue bond loan request to the Board. The Kodiak Island Borough submitted an application for \$20 million for construction of a long-term care facility. The requested term of the loan is 20 years. The security for the loan comes from payments of Providence Health & Services in Alaska. Estimated annual debt service is \$1.3 million. Total Bond Bank Annual Debt Services with the Borough including the proposed loan is \$7.1 million, which compared to Borough state-shared revenues of \$55 million provides coverage of 7.75 times. Estimated Borrower Savings were calculated to be 6.8 million gross, and 5.3 million on a present value basis. Mr. Pierce then highlighted the need for a new care facility to replace the existing facility. He also explains the management plan to manage the anticipated shortfall in revenue for the first few years. Following the initial years the facility is projected to thereafter produce positive revenues based on Medicaid reimbursements. Mr. Pierce then provided detail on the theoretical default payments scenarios. Mr. Pierce summarized the loan and recommended Board approval. Ms. Rodell made a motion to approve the \$20 million loan for Kodiak Island Borough for the

construction of a long term care facility subject to the completion of the no litigation letter, Mr. Leonard seconded the motion. The motion passed with five yes votes.

City of Ketchikan Loan Request

Mr. Pierce presented an overview of the revenue bond loan request to the Board for \$15 million from the City of Ketchikan. The Bond Bank loan will be used to harness the hydroelectric power of the existing Whitman Dam. The term of the loan is 20 years. The security of the loan comes from the Net Utility System revenues. The estimated revenues available for debt service are \$8.1 million compared to the estimated annual debt series of all parity debt of \$3 million provides coverage of 2.6 times. Total state shared revenue of \$44.6 million results in coverage of about 5.5 times on total City of Ketchikan bond payments. The estimated borrower savings is 1.23 million. A no-litigation letter has been received. Total project cost is \$26.4 million, state borough funds accounting for 43% of projects cost. Mr. Piece summarized the current operations of Ketchikan Public Utility Company (KPU) and impact of the proposed project. He spoke in detail about reserve requirements of the Bond Bank and how they tie in with existing debt of KPU. Following questions Mr. Leonard made a motion to approve the \$15 million loan to the City of Ketchikan for KPU improvements and Mr. Wells seconded the motion. With a tally of five yes votes the motion passed.

Municipality of Skagway Loan request

Mr. Pierce presented an overview of the general obligation loan request from the Municipality of Skagway for \$1 million to improve their small boat harbor. The term of the loan is 20 years. Estimated annual debt service for the proposed loan is \$72 thousand, and total Bond Bank debt service of the Municipality is \$502 thousand. Most recent State shared revenue of the Municipality is \$19.7 million, about 39 times total debt service. Estimated borrower savings are \$201 thousand, with a present value of \$155 thousand. We have received a no litigation letter. Mr. Pierce explained the allocation of funds for the project and described the need for updates to the current dock. He detailed the funding for the project from other revenue sources, and the security of the general obligation pledge. Mr. Pierce recommended the loan for Board approval based on the security of pledged revenues and opened the floor for questions. Mr. Wells moved to

approve the \$1 million loan for the Municipality of Skagway for improvements to their small boat harbor, Ms. Rodell seconded the motion. With five yes votes the motion passed.

City of Homer Loan Request

Mr. Pierce presented an overview of the revenue bond loan request from the City of Homer for improvements to their harbor system in the amount of \$4.2 million. The term of the loan is 20 years, secured by the Port Enterprise Fund. The most recent annual pledged revenues were approximately \$456 thousand. Estimated debt service on the proposed loan is \$288 thousand, which results in estimated coverage of 1.59 times. Most recent state shared revenues are \$17.7 million, resulting in debt service coverage on the City's total debt service of 61.7 times. Estimated borrower savings of \$1 million dollars with a present value of \$781 thousand are expected due to Bond Bank participation in the loan. A no litigation letter has been received. Mr. Pierce described the need for significant improvement in three areas of the harbor and detailed each. He explained the revenue sources for the enterprise, and the current financial condition. One of the features Mr. Pierce highlighted was the new city ordinances requiring that net revenues pledged to bonds can cover existing and projected debt service by 1.20 times. Mr. Pierce recommended the loan for Board approval. Ms. Rodell motioned to approve the \$4.2 million loan for the City of Homer for harbor improvements, Mr. Wells seconded the motion. With five yes votes the motion passed.

Resolution 2013-03 authorizing the issuance of 2013 Two Bond Issue

Ms. Cartledge introduced resolution 2013-03, authorizing the issuance of a principal amount of not to exceed \$42 million dollars in General Obligation Bonds. This bond issue will provide for six purposes: 1. to make a loan for Kodiak Island Borough to receive \$20 million for a long term care facility, 2. to make a loan to Ketchikan in the amount not to exceed \$15 million for electric utility improvements, 3. To make a loan to the City of Palmer not to exceed \$4.2 million for capital improvements, 4. to make a loan to the Municipality of Skagway not to exceed \$1 million for harbor improvements, 5. Permission under to refund bonds issued back in 2002 to fund a loan to KPU, 6. To fund up the 2005 reserve fund with bond proceeds. The bonds will be sold on a negotiated basis, the underwriter will be JP Morgan Securities, the redemption features

associated with the bonds will be determined at the time of the sale. Ms. Cartledge highlighted that the board's meeting packet contains forms of the loan agreements, the mandatory loan agreement, and the preliminary official statement. Ms. Cartledge noted that the Resolution allows for sub-series of bonds, and that the bonds are expected to close June 19, 2013. Ms. Rodell made a motion to approve the Resolution 2013-03, Mr. Leonard seconded the motion. The motion passed with five yes votes.

Accounting Practices

Mr. Mitchell introduces a letter sent to the Board about the management team's plan for accounting activity of the Bond Bank. Historically the Bond Bank has used members of asset accounting staff in Treasury Division for accounting support. That support has typically been an extra activity rather than a primary focus of those employees when compiling the Bond Bank's financial statements. More recently the work has been accomplished through the Department of Revenue Commissioner's Office sharing of an operational research analyst. It has been determined that outsourcing the accounting compilation work for the Bond Bank would be an improvement over the current practice as we'd get dedicated accounting professionals with depth of staff to provide for the work. Accordingly, staff released a request to three companies for a quote for both compilation services and audit services, with a limitation of \$25,000 dollars per year for either. For the compilation work Elgee Ratefield Mertz responded with a price of \$24,500 per year. The quote for audit services is still in progress, due to negotiations with the firm Mikunda Cottrell. Mr. Mitchell asked the Board to ratify the shift to the preferred alternative. Mr. Wells made a motion to approve compilation services through Elgee Ratefield Mertz, and audit services through Mikunda Cottrell, and Mr. Gurse seconded the motion. With five yes votes the motion passed.

Post Sale Summary 2013 One Bond Issue

Mr. Pierce discussed the Bonds sold by negotiated sale to RBC Capital Markets. He explained the differences between selling bonds at a discount versus selling bonds at a premium rate. The Bond Bank had challenges selling the longer dated bonds, which is reflected in the table on page 2.

Executive Directors Report

- Mr. Mitchell mentioned the 2004 A Revenue reserve was released as a result of the refinancing, and transferred back to the custodian bank, First National Bank Alaska.
- Mr. Mitchell noted that the 2001 Series B Revenue Bonds are under direct obligation of the Bond Bank, the Bond Bank will be receiving payments from Ketchikan Gateway Borough (KGB). There is still talk of the possibility of KGB paying off the Bond Bank.
- Mr. Mitchell included the letter from the Kodiak Island Borough clarifying the state aid intercept statute would be applied to the loan requested from the Bond Bank.
- Mr. Mitchell announced that Ryan Williams and he are planning to attend the AGFOA conference in Talkeetna, Alaska.
- Mr. Mitchell announced that the Bond Bank's website is under renovation through the Division of Treasury's external contractor. The website should be updated in approximately one month.
- Mr. Mitchell declared that the Financial Advisor contract has been extended by two months. An RFP for financial advisory services has been released and he will need board members to participate in a selection committee. Mr. Gurse and Mr. Pfeffer volunteered for the evaluation.

VII. PUBLIC COMMENTS

None.

VIII. BOARD COMMENTS

Mr. Gurse asked for an estimated date of next Board meeting. Mr. Mitchell indicated that it would be in July or August.

Luke Welles indicated that Reed and Ron at the North Slope Borough are awaiting staff approval to apply for a \$70 million Bond for a water facility for Prudhoe Bay, and a helicopter. The Board may consider travelling to Prudhoe Bay for a face to face meeting.

IX. ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection.

AMBBA Minutes

May 2, 2013

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Mark Pfeffer, Chairperson

Alaska Municipal Bond Bank
Application Credit Review Summary Page

Applicant:	City and Borough of Juneau (the "CBJ")
Loan Amount:	Approximately \$8,100,000
Project Type:	School capital improvements.
Project Description:	The CBJ will apply the proceeds of the Bond Bank loan to school capital projects. Auke Bay Elementary School has significant renovation needs. The CBJ embarked on those renovations with a loan from the Bond Bank's 2012 Three bonds. This loan will fund the balance of the voter authorizations received in 2010 and 2011.
Term of Loan:	10 years
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$26.8 million
Estimated Maximum Annual Debt Service:	\$922 thousand
Total Bond Bank Maximum Annual Debt Service:	\$12.1 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$93.2 million
Debt Service Coverage of AMBB DS from SSR:	7.75x
Loan Subject to State Debt Service Reimbursement:	Yes (70%)
Estimated Borrower Savings (Gross):	\$577 thousand
Estimated Borrower Savings (Present Value):	\$469 thousand
No Litigation Letter Received:	Yes

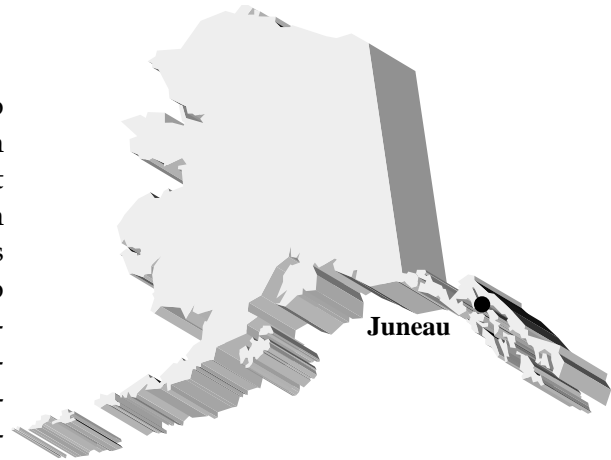
Loan Application Evaluation City and Borough of Juneau

Introduction

The City and Borough of Juneau (the “CBJ”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a loan totaling approximately \$8,100,000. The loan will be used by the CBJ to finance improvements to the Auke Bay School, including major renovations and improvements to the HVAC system.

The Projects

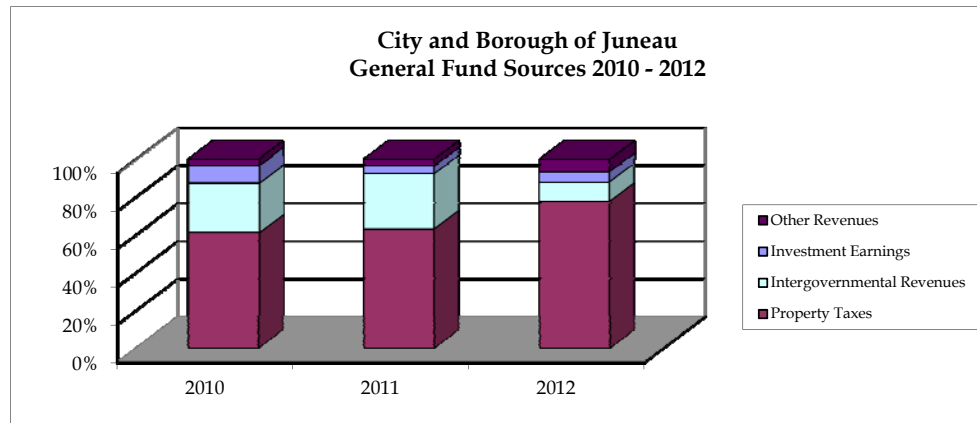
CBJ will use the Bond Bank’s loan to make renovations to Auke Bay School, which was constructed in 1968 and has significant renovation needs. The renovations, which began with funding from the Bond Bank’s 2012 Three issue, will bring the school up to code, including general site civil, architectural, structural, mechanical and electrical upgrades, building code upgrades, and hazardous materials abatement. The project includes improvements to the school including entry, classrooms, music, library, administration spaces and other programmatic improvements. In addition, the Bond Bank loan will complete improvements to the Schools heating system that were begun in 2012.



Voters authorized the sale of the bonds in two separate authorizations, one in October 2010 and a second in October 2011.

Juneau Financial Position

The General Fund derives its revenues primarily from ad valorem property taxes (77.5% in fiscal year 2012), intergovernmental revenues (10.4% in 2012) and investment earnings (5.4% in 2012). These percentages measurably different from the three year averages for these revenue sources. Those averages are 65.9% for property taxes, 23.4% for intergovernmental revenues and 6.4% for investment earnings. The 2012 increase in property taxes and decline in intergovernmental revenues as a percentage of total General Fund revenues reflects an accounting change in fiscal year 2012. CBJ now reflects state debt service reimbursement amounts as going directly to the Debt Service Fund rather than showing as a revenue to the General Fund and a subsequent transfer to the Debt Service Fund.

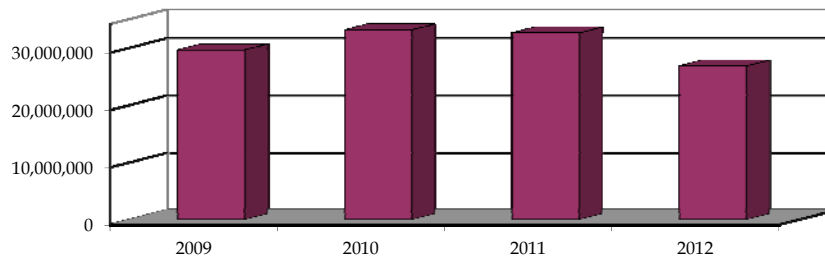


As the graph below shows, the primary source of General Fund revenues, ad valorem property taxes, has recently declined. This trend has been offset by a decline in General Fund expenditures. The amount of property taxes allocated to the General Fund fell from approximately \$32.6 million in 2011 to \$26.8 million in 2012, a decrease of 17.7%. This is the result of a shift in property taxes from the General Fund to other property tax-dependent funds. Overall CBJ property tax collections used for operations, however, grew by 4.1% from 2011 to 2012. The stable trend in property taxes reflects relatively flat trends in the assessed value of property within the

Borough, which grew just 1.35% during the past three years.

During the period from fiscal year-end 2005 to the end of fiscal year

City and Borough of Juneau
General Fund Property Tax Collections 2009 - 2012



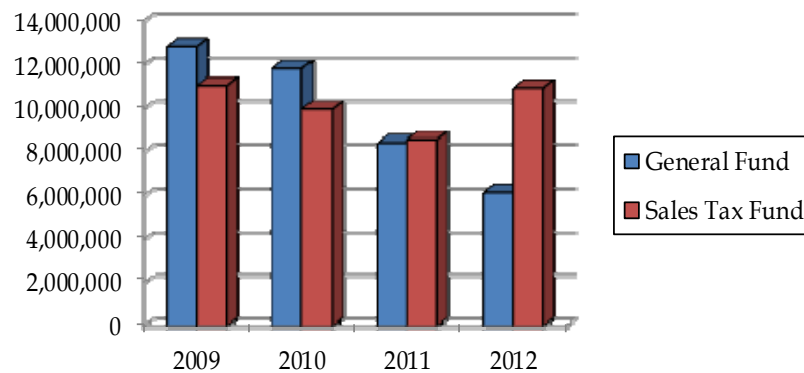
2009, the General Fund year end balance grew from \$5.2 million to \$12.8 million. Subsequently, the year end General Fund balance fell to \$6.16 million by the end of fiscal year 2012, a decline of 52% from 2009 levels. The General Fund balance remains at a satisfactory level of 16.7% of General Fund expenditures and transfers, although this is a decline of 32% from 2009. The growth in the General Fund balance in the 2009 was primarily a result of healthy CBJ financial results combined with the receipt of federal stimulus funds. The full impact of the recession was not felt by CBJ until the last two years, primarily in the form of lower sales tax receipts and sharply lower investment earnings. CBJ has implemented budget reductions in fiscal year 2013 and projects an increase property taxes in FY 2014 by .11 mils.

The CBJ also maintains a Sales Tax Budget Reserve that is funded from Sales Tax collections. As of the end of fiscal year 2012 that fund held \$10.95 million. The CBJ target is to fund the reserve at a \$10 million level.

In 2011 the Mayor of CBJ formed a task force to review the CBJ's reserve policies. This task force was charged with identifying the appropriate size of and uses for the CBJ's unassigned General Fund balance and the Sales Tax rainy day fund. The Task Force recommended to the Assembly that reserves equal to 2 months of general governmental operation revenues be set aside each year. For fiscal year 2012 that amounts to \$16.4 million.

The graph to the right presents the year end balances for the General Fund and Sales Tax Fund from 2009 through 2012.

City and Borough of Juneau
Ending Fund Balance



On October 2, 2012 voters CBJ approved a five year 1% sales tax to fund \$10 million of bond debt payments, \$5 million to replenish the general government budget reserves (as recommended by the Mayor’s Task Force), and to fund various capital projects throughout the Borough. The tax will be in effect from October 1, 2013 through September 30, 2018.

Security and Repayment

The CBJ will pledge its general obligation secured by property taxes levied in the CBJ to the Bond Bank for this loan. Voters approved the general obligation bond resolutions for Auke Bay School renovations in October 2010 and for heating system improvements in October 2011.

Alaska Department of Education Debt Reimbursement

The loan qualifies for the Alaska Department of Education and Early Development’s debt service reimbursement program at a rate of 70%.

Future Capital Plans

The CBJ is evaluating a major expansion of its cruise ship dock facilities. The issuance of a revenue bond for this project is unlikely to occur before 2014.

On October 2, 2012 voters authorized the sale of \$25 million of general obligation bonds for various capital projects throughout Juneau. CBJ has issued \$3 million against this authorization through the Bond Bank in early 2013. The balance of the bonds are expected to be sold in early 2014 and will be used for renovations to Centennial Hall, Aurora Harbor reconstruction, airport terminal renovations, Eaglecrest learning center and lodge improvements, Capital Transit improvements, and improvements to various CBJ parks, including Adair-Kennedy Memorial Park bathrooms and concessions, Dimond Park bathrooms and concessions, and Melvin Park bathrooms and concessions.

State Aid Intercept

Shared Taxes and Fees	\$4,662,940
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$14,333,513
Education Support Funding	\$44,160,753
Matching Grants	\$27,119,002
Community Jails	\$0
Revenue Sharing	\$2,911,989
Total Revenue Subject to Intercept	\$93,188,197
Maximum Annual Debt Service	\$12,025,655
Debt Service Coverage	7.75

The Bond Bank has the authority to intercept State revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a Bond Bank loan. The State aid intercept is a significant, if unutilized, credit strength. The table below presents the CBJ’s revenues subject to intercept compared to maximum annual debt service on the proposed and outstanding loans from the Bond Bank.

As the table demonstrates, the CBJ has received ample State-interceptable revenue to cover the projected debt service on the Bond Bank loan.

Estimated Borrower Savings

Savings to the CBJ as a result of borrowing through the Bond Bank are estimated at approximately \$577 thousand or \$469 thousand on a present value basis. Savings are a result of lower costs of issuance that the CBJ will face as a result of issuing through the Bond Bank, as well as lower assumed yields.

Statement of No Litigation

Accompanying the CBJ application is a letter from Amy G. Mead, City Attorney, stating that "... to my knowledge, there is no viable litigation pending or threatened in any court in any way: ... seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the City and Borough to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any agreement between the City and Borough and the Alaska Bond Bank, or contesting the power of the City and Borough authority with respect to any bonds..."

Summary

Based on our assessment, the security offered by the CBJ, as set forth in the CBJ's loan application and supplemental materials, provides sufficient security to justify approval of the application. The CBJ has a strong and diverse revenue base, an excellent history of property tax collections and growth, and reasonably high fund balances. In addition, the Bond Bank's ability to intercept Borough revenues adds significantly to the security of the loan.

I recommend approval of this loan for inclusion in the Bond Bank's next bond financing, subject to receipt of the no litigation letter from the CBJ. If you have any questions related to the preceding report, please do not hesitate to call me at (503) 719-6113.

For Western Financial Group, LLC

A handwritten signature in black ink, appearing to read "Chip Pierce", with a horizontal line extending to the right.

Chip Pierce

Juneau Economic and Demographic Information

Located on the mainland of Southeast Alaska, opposite Douglas Island, Juneau was built at the heart of the Inside Passage along the Gastineau Channel. It lies 900 air miles northwest of Seattle and 577 air miles southeast of Anchorage. The area encompasses 2,716.7 square miles of land and 538.3 square miles of water. Juneau has a mild, maritime climate.

The area was a fish camp for the indigenous Tlingit Indians. In 1880, nearly 20 years before the gold rushes to the Klondike and Nome, Joe Juneau and Richard Harris were led to Gold Creek by Chief Kowee of the Auk Tribe. They found mother lode deposits upstream, staked their mining claims, and developed a 160 acre incorporated city they called Harrisburg. The City of Juneau was formed in 1900. The state capital was transferred from Sitka to Juneau in 1906 while Alaska was a U.S. Territory. In 1970, the City of Juneau and City of Douglas were unified into the City & Borough of Juneau ("CBJ").

CBJs population at the end of 2012 was 32,832 (up 1.7% from 2011). Over the past 12 years CBJ population growth has averaged 0.6% a year. As the state capital, Juneau is supported largely by State and Federal employment, and by tourists cruising the Inside Passage. It is the fourth largest community in Alaska. About one-third of residents live downtown or on Douglas Island; the remaining two-thirds live elsewhere along the roaded area. Juneau has a Tlingit history with a strong historical influence from the early prospectors and boom town that grew around full-scale gold mining operations. According to the 2010 U.S. Census, there are 13,055 total housing units and 868 were vacant. The unemployment is estimated at 5.30% for the first 12 months of calendar year 2011, well below the national average. Median household income in 2010 was \$75,517, per capita income was \$49,458, and 6.5% of residents lived below the poverty level.

The municipal water supply is obtained from the Last Chance Basin well field on Gold Creek and the Salmon Creek Reservoir, and is treated and piped to over 90% of Juneau households. The CBJ is seeking funds to construct a million-gallon reservoir near South Lena Loop to serve the area north of Lena and Tee Harbor. The Borough's piped sewage system serves almost 80% of residents, and receives secondary treatment. Sludge is incinerated. North Douglas Island residents use individual septic tanks, and funds have been provided to begin planning a sewer main extension to this area. Refuse collection, the landfill and incinerator are owned by a private firm, Arrow Refuse. Juneau has a hazardous waste collection facility, and local organizations also provide recycling programs. Electricity is provided by Alaska Electric Light & Power Company. AEL&P receives the majority of its power from the state-owned Snettisham Hydroelectric Facility south of town. In 2010 AEL&P brought on-line the Lake Dorothy hydroelectric plant adding 14.3 megawatts (20%) of additional power capacity. AEL&P owns the Annex Creek, Upper Salmon Creek and Lower Salmon Creek Hydro Plants, and the Gold Creek, Lemon Creek and Auke Bay Diesel back-up systems.

There are 14 schools located in the community, attended by approximately 4,900 students.

The State, City & Borough of Juneau, and federal agencies provide nearly 45% of the employment in the community. Juneau is home to State Legislators and their staff during the legislative session between January and April. Tourism is a significant contributor to the private sector economy during the summer months, providing a \$130 million income and nearly 2,000 jobs. The national recession resulted in a decline to approximately 865,000 passengers in 2010 from approximately 1,000,000 prior to the recession that began in 2007. CBJ reports that

921,000 cruise passengers visited Juneau in 2012 and forecasts that that number will increase to approximately 1,000,000 in 2013. The Mendenhall Glacier, Juneau Icefield air tours, Tracy Arm Fjord Glacier, State Museum, and Mount Roberts Tramway are local attractions.

Jobs in the health care industry account for 1,800 local jobs with an annual payroll of \$65 million. The seafood industry (commercial fishing, fish processing and hatchery production) constitutes another important sector of the economy. About 760 Juneau residents fish commercially, landing 22 million pounds of fish with a value of \$26 million. In 2011 there were eight shore based fish processing facilities in Juneau. DIPAC, a private non-profit organization, operates a fish hatchery which increases the local salmon population. The Hecla Green Creek Mine, Juneau's top private employer, produces gold, silver, lead and zinc, and is the largest silver mine in North America. In 2011 there were 363 permanent year round employees. Greens Creek produced 6.5 million ounces of silver (the second largest producer in North America). The mine has identified approximately 100 million ounces of silver reserves.

The Kensington underground gold mine and associated milling facilities are located within the Berners Bay Mining District on the east side of the Lynn Canal about 45 miles north-northwest of Juneau, Alaska. The project employs 250 people, about 60% of whom are from southeast Alaska. The Kensington mine commenced commercial production on July 3, 2010. The mine is accessed by a horizontal tunnel and utilizes conventional and mechanized underground mining methods. Kensington resumed full production ahead of schedule in April 2012 following a temporary reduction in mining and milling activities to allow for the completion of several underground and surface improvement projects. Underground development continues to advance. Kensington's proven and probable reserves were 1.1 million contained ounces of gold at year-end 2012.

Juneau is accessible only by air and sea. Scheduled jet flights and air taxis are available at the Municipally-owned Juneau International Airport. The airport includes a paved 8,456' runway and a seaplane landing area. Marine facilities include a seaplane landing area at Juneau Harbor, two deep draft docks, five small boat harbors and a State ferry terminal. The Alaska Marine Highway System and cargo barges provide year-round services.

Alaska Municipal Bond Bank
Application Credit Review Summary Page

Applicant:	Lake and Peninsula Borough
Loan Amount:	Approximately \$20,000,000
Project Type:	Miscellaneous school infrastructure improvements.
Project Description:	The Borough will apply the proceeds of the Bond Bank loan to a variety of school capital projects throughout the Borough. These include expansion and renovation of the Tanalian School, expansion of the kitchen and gymnasium at Newhalen High School and energy efficiency improvements and mechanical system improvements throughout the school district.
Term of Loan:	20 years
Revenues Pledged to Loan:	General Fund revenues
Most Recent FY Pledged Revenues:	\$3.4 million
Estimated Maximum Annual Debt Service:	\$2.5 million
Total Bond Bank Maximum Annual Debt Service:	\$2.5 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$9.4 million
Debt Service Coverage of AMBB DS from SSR:	3.75x
Loan Subject to State Debt Service Reimbursement:	Yes (90%)
Estimated Borrower Savings (Gross):	\$2.16 million
Estimated Borrower Savings (Present Value):	\$1.43 million
No Litigation Letter Received:	No

Loan Application Evaluation Lake and Peninsula Borough

Introduction

Lake and Peninsula Borough (the “Borough”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a General Obligation Bond Loan totaling \$20,000,000. The loan will be used to finance the completion of various capital projects in school facilities around the Borough. The Borough has pledged its full faith and credit to repayment of the Bond Bank loan. The following is our overview of the security provisions associated with the loan.

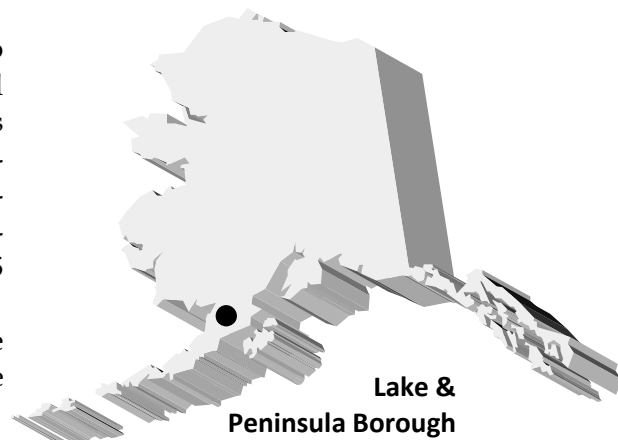
The Project

The majority of the funding will go to expand and renovate the Tanalian School in Port Alsworth, which currently exceeds its design capacity by 50%. The School District reports that storage rooms and hallways are being used for teaching. Renovations to the school are estimated to cost \$15 million.

Approximately \$3.2 million will be used to enlarge the kitchen and expand the gym at Newhalen High School.

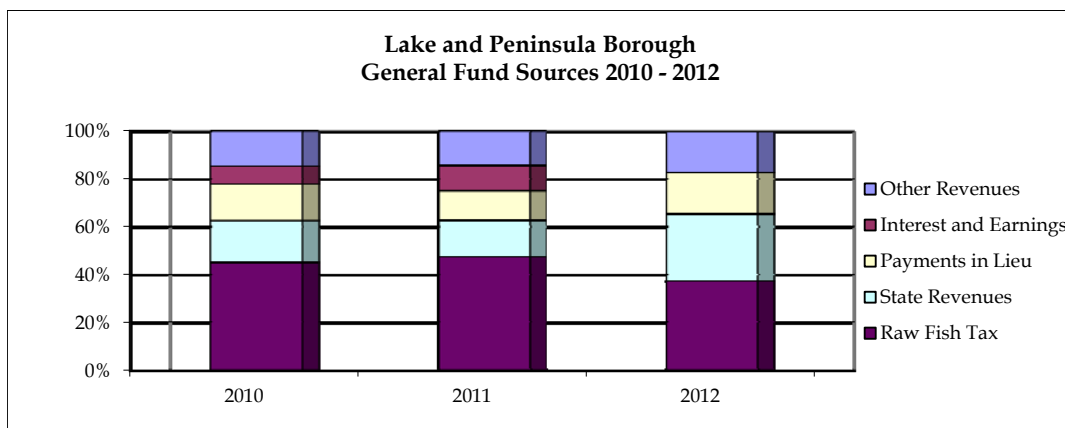
Other funds will be used throughout the School District to improve energy efficiency and fix mechanical systems.

The voters of the Borough approved the general obligation pledge securing the Bond Bank loan at an election held on April 29, 2013 by a margin of 75.5% to 24.5%. Borough staff anticipate completing the projects associated with this loan by December 2015.



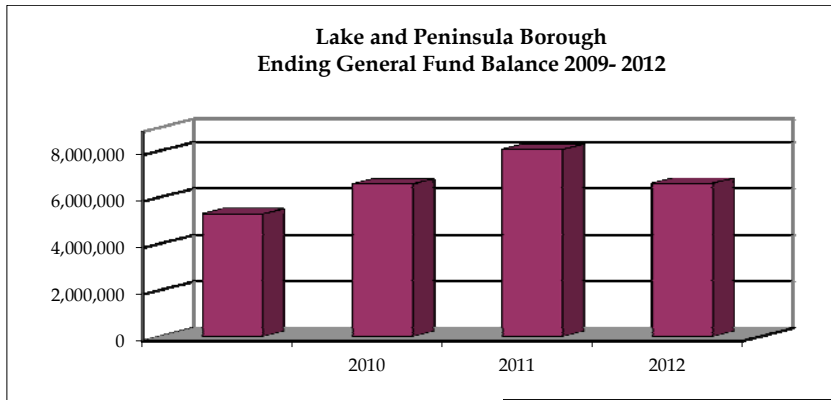
Borough Financial Condition

The Borough does not levy a property tax. Instead, it levies a tax on the value of fish sold to processing facilities in the Borough. In addition to the local tax, the State of Alaska shares with municipalities the Alaska Fisheries Business Tax receipts generated within the municipality. For fiscal year 2012, the local fish tax generated \$1.273 million while the state tax produced \$255 thousand. For 2012, the local fish tax accounted for 37.4% of general fund revenues, somewhat lower than the 43.7% average for the three years from 2010 to 2012. The



graph to the left summarizes the distribution of the primary sources of general fund revenues.

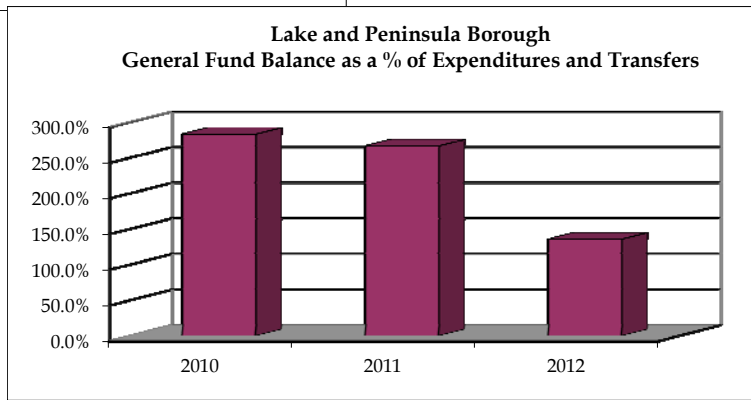
The Borough operates its finances in an extremely conservative fashion. For example, the Borough forward funds its annual budget, setting its budget for the upcoming year based on existing fund balances. As a consequence, the Borough maintains very high General Fund balances. This is demonstrated in the graph to the left.



This is demonstrated in the graph to the left.

The Borough's General Fund balance is extremely high relative to General Fund expenditures. The graph to the left depicts the year end General Fund balance for fiscal years 2009 through 2012. The graph below presents the fiscal year end General Fund

balance as a percentage of General Fund expenditures.

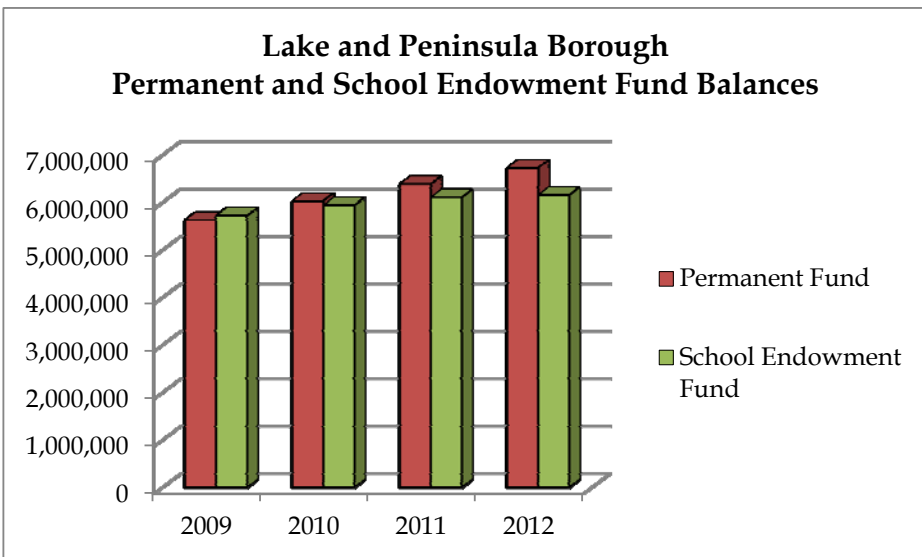


The decline in the General Fund ending balance in fiscal year 2012, both in total and as a percent of expenditures, is a result of two primary factors. First, the Borough spent \$1.83 million on the Chignik Small Boat Harbor project. Second, the Borough's raw fish tax declined from fiscal year 2011 to fiscal year

2012 by \$823 thousand. In spite of the fiscal 2012 decline in General Fund year end balance in 2012, the Borough retains extremely high fund balance levels.

In addition to the General Fund, the Borough maintains other assets associated with the

general obligation pledge. The Borough's Permanent Fund currently has a value of approximately \$6.7 million. The Borough is authorized to use the permanent fund to avoid an impending general obligation bond default. Additionally, the Borough maintains a school endowment fund currently valued at approximately \$6.2 million. This fund is also available in the



event that a default is imminent. The graph above presents the ending fund balance for those two funds over the period from fiscal year 2009 through fiscal year 2012.

Alaska Department of Education Debt Reimbursement

A portion of the debt service associated with loan to the Borough qualifies for the Alaska Department of Education & Early Development’s debt service reimbursement program. According to Borough staff 90% of the debt service associated with the 2013 Bond Bank loan is qualified for State reimbursement. Presuming that the State continues to fund the debt service reimbursement program, this will be a significant reduction of the debt service burden that the Borough would otherwise face.

Security and Repayment

The Borough has pledged its general obligation to repayment of the Bond Bank loan for the school capital improvements. The voters approved the financing through a general obligation bond election that passed at the polls by a margin of 75.5% to 24.5% on April 29, 2013.

The security pledged by the Borough to the Bond Bank for this loan is multi-faceted. In addition to the general obligation pledge secured by the Borough’s General Fund, the Borough has pledged its Permanent Fund. The current value of the Permanent Fund is approximately \$6.7 million. The Borough is authorized to use the Permanent Fund to avoid an impending general obligation bond default. Additionally, the Borough maintains a School Endowment Fund currently valued at approximately \$6.2 million.

Lastly, the Borough uses a forward funding approach to budgeting. This means that the combination of the General Fund balance, the Permanent Fund balance and the School Endowment Fund total approximately \$19.5 million, which compares favorably to the approximately \$22.8 million of debt that will be outstanding with the completion of this loan. All of the Borough’s general obligation debt is held by the Bond Bank.

Future Capital Plans

Borough voters authorized \$6 million of general obligation bonds in 2000. To date, the Borough has issued approximately \$3.2 million of that authorization. The Borough does not have plans to utilize the balance of this authorization or to issue any other debt at this time.

State Aid Intercept

The Bond Bank has the authority to intercept state revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a Bond Bank loan. The state aid intercept is a significant credit strength. The table below presents the Borough’s revenues subject to intercept compared to maximum annual debt service, including the 2013 loan and the Borough’s other outstanding general obligation debt, all of which is held by the Bond Bank.

Shared Taxes and Fees	\$72,234
Dept. of Transportation Reimbursement	\$557,047
Reimbursement and Other Education Funding	\$1,125,000
Education Support Funding	\$7,160,807
Matching Grants	\$471,803
Community Jails	\$0
Revenue Sharing	\$0
Total Revenue Subject to Intercept	\$9,386,891
Maximum Annual Debt Service	\$2,501,200
Debt Service Coverage	3.75

Estimated Borrower Savings

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$2.16 million or \$1.43 million on a present value basis. Savings are a result of lower costs of issuance that the Borough will face as a result of issuing through the Bond Bank, as well as lower assumed yields.

Statement of No Litigation

At the time that this report was prepared the no litigation letter had not been provided.

Summary

Based on our assessment, the general obligation security offered by the Borough, as set forth in the Borough's loan application and supplemental materials, provides sufficient security to justify approval of the application subject to the receipt of the no litigation letter. This security, which is primarily provided by the General Fund, is significantly augmented both by the pledge of the Permanent Fund to the loan and by the pledge of the School Endowment Fund. Furthermore, the Borough's practice of budgeting the General Fund's expenditures based on prior year ending balance enhances the Borough's financial position, and consequently enhances the Bond Bank's security.

If you have any questions related to the preceding report, please do not hesitate to call me at (503) 719-6113.

For Western Financial Group, LLC

A handwritten signature in black ink, appearing to read "Chip Pierce". The signature is stylized with a large, looped initial "C" and a long horizontal stroke at the end.

Chip Pierce

Lake and Peninsula Borough Economic and Demographic Information

Lake & Peninsula Borough is located on the Alaska Peninsula, southwest of Anchorage. It is comprised of 17 communities, including 5 incorporated cities. The area encompasses 23,782.0 square miles of land and 7,125.0 square miles of water. The area experiences a transitional climate. Average summer temperatures range from 42 to 62; winter temperatures range from 6 to 30. Annual precipitation is 24 inches, with 50 inches of snow.

Yup'ik Eskimos and Athabascan Indians have jointly occupied the area for the past 6,000 years. The late 1800s first brought an influx of non-Native fishermen and cannery operations. During World War II Fort Morrow was built at Port Heiden. The Borough was incorporated in 1989.

The population of the community consists of approximately 80% Alaska Native or part Native. The majority of the Borough's year-round residents are Aleuts, with a mixture of Eskimos and Athabascans. During the peak commercial fishing season, the Borough population increases sharply. During the 2010 U.S. Census, total housing units numbered 1,502, and vacant housing units numbered 949. Vacant housing units used only seasonally numbered 822. U.S. Census data for Year 2010 showed 786 residents as employed. In 2012 the unemployment rate was estimated at 7.5%.

Commercial fishing, fish processing, tourism and sport fishing are the mainstay of the Borough's economy. Subsistence hunting and fishing are important to year-round residents. Iliamna Lake offers trophy rainbow trout, attracting tourists and sportsmen.

Scheduled and charter air services as well as barge and ferry services provide transportation of passengers and goods in this area of the state. Travel to Dillingham, Kodiak and Anchorage is frequent.

In recent years, the Borough has witnessed the growth in the importance of tourism to the local economy. Tourism has been driven by the Borough's proximity to three national parks, three national wildlife refuges, as well as several wild and scenic rivers. The Borough contains approximately 100 lodges and approximately 150 registered guides who enhance tourists' access to hunting and fishing opportunities provided in the Borough.

Government is also a major employer in the Borough, including employment at the federal (National Parks Service, Fish and Wildlife Service, Federal Aviation Administration, Postal Service), state (Department of Transportation), and local (school district, Borough, tribal government) levels of government. The population of the Borough declined in the mid-2000's as the commercial fishing industry in the Borough suffered through a period of low prices. The price of sockeye salmon, a staple for the Borough's economy, hit a low of \$.40/pound, but has subsequently increased to \$.95/pound.

The Borough's economy may diversify into mining in coming years. Northern Dynasty Minerals owns the rights to gold and copper deposits in the northern part of the Borough. Northern Dynasty is spending \$20 million annually to develop the mineral deposits, which may be the largest gold deposit and second largest copper deposit in North America. At full development, the mine could employ between 700 and 1,000 people. In May 2013 Millrock Resources Inc. announced that it had made an exploration and option to lease agreement with Bristol Bay Native Corporation to begin exploration on a tract of land near Chignik.

There are 14 schools located in the Borough, attended by 389 students. Full valuation of property in the Borough, as determined by the Alaska Department of Community and Economic Development, was estimated in 2012 to be \$147.9 million. The Borough does not levy a property tax. The largest employers in the Borough are related to fishing, government, or tourism. The largest employer is the Lake and Peninsula School District. The next three largest employers (Trident Seafood, Alaska Pacific Seafood, Alaska General Seafood) are all related to fish processing and employment is seasonal.

Alaska Municipal Bond Bank
Application Credit Review Summary Page

Applicant:	City and Borough of Sitka ("CBS")
Loan Amount:	Approximately \$27,000,000
Project Type:	electric system improvements
Project Description:	The CBS will use the Bond Bank loan to continue the expansion of the Blue Lake Hydroelectric Project. The Bond Bank financed the first phase of this project in 2010. In July 2012 the CBS opened bids for the major construction contract. Those bids were far in excess of the consulting engineer's estimates. This project involves adding a third turbine in the Blue Lake powerhouse, raising the height of the Blue Lake Dam and making other improvements to the project.
Term of Loan:	35 years
Revenues Pledged to Loan:	Electric system revenues
FY 2012 Pledged Net Electric System Revenues:	\$4.29 million
FY 2014 Forecast Pledged Net Electric System Revenues:	\$6.42 million (reflects rate increase implemented in FY 2013)
Estimated Annual Debt Service:	\$5.63 million (Amount reflects federal interest subsidy associated with Sitka's 2010 loan from the Bond Bank).
Total Bond Bank Annual Debt Service:	\$10.95 million
Most Recent FY Debt Service Coverage Ratio:	1.38x
Most Recent FY State-Shared Revenues (SSR):	\$71.54 million
Debt Service Coverage of AMBB DS from SSR:	6.53x
Loan Subject to State Debt Service Reimbursement:	no
Estimated Borrower Savings (Gross):	\$14.22 million
Estimated Borrower Savings (Present Value):	\$6.87 million
No Litigation Letter Received:	no

Loan Application Evaluation

City and Borough of Sitka

Introduction

In 2012 the City and Borough of Sitka (the “Municipality”) submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a Revenue Bond Loan totaling approximately \$80,500,000. This phase of the project will require approximately \$27 million of Bond Bank funding. The loan will be used to continue the work on the Blue Lake hydroelectric project and upgrade Sitka’s stand-by diesel generation facilities. The following is our overview of the security provisions associated with the loan.

The Project

As stated above, the Municipality will apply the Bond Bank loan to fund electric system improvements.

The Sitka Blue Lake hydroelectric project includes the following improvements: 1) increase the elevation of the Blue Lake dam spill from 342 feet above sea level to 425 feet; 2) construct a new powerhouse containing three 5.3 megawatt units; 3) install new intake works and a surge chamber;

4) modify the power conduit to accommodate higher hydraulic pressure and connect new and relocated project features. The total authorized capacity of the project will increase from 7.5 megawatts to 16.9 megawatts.

The estimated cost of the Blue Lake project now stands at \$158 million. Sitka issued \$48.7 million of bonds through the Bond Bank in 2010, which included a refunding component as well as \$21 million towards project construction. In addition, Sitka issued \$35.53 million through the Bond Bank’s 2013 One series of bonds. After factoring in State grant funds, Sitka will need as much as \$45 million of additional funds, including this issue, to complete the project. Sitka is seeking an additional \$18.75 million in grant funds from the State. Depending on the amount, if any, of additional State grant money received, Sitka will seek funding from the Bond Bank from one more series after the 2013 Three Bonds in the spring of 2014. The subsequent financing will be for as much as \$18 million.



Electric Enterprise Operations

The Municipality’s electric enterprise system currently serves approximately 5,260 customers, 3,650 of which are residential. There are approximately 650 commercial, 770 port and 190 public authority customers. Residential customers make up approximately 43% of electric demand, followed by commercial (27%) and public authority (21%). The electric generating capacity of the system ranges from approximately 110,000 megawatt hours per year in a low rainfall year to approximately 135,000 megawatt hours in a high rainfall year. At current demand levels, the system is able to meet customer needs, but Sitka is increasingly having to rely on diesel power generation to supplement hydro. Growth forecasts indicate additional generating capacity will be needed soon. That, combined with the volatility of diesel fuel costs, has led the Municipality to move forward with an expan-

sion of the electric generating capacity at the Blue Lake facility.

The Municipality's electric system financial operations have been stable in recent years. During fiscal years 2008 through 2012 operating revenues have ranged from \$10.9 million to \$12.1 million, with operating expense during those years ranging from \$8.0 to \$9.9 million. Fiscal year 2012 is the first year that Sitka paid debt service on its 2010 loan from the Bond

Fiscal Year	2008	2009	2010	2011	2012
Operating Revenues	10,939,726	11,846,117	10,850,845	11,701,043	12,210,232
Operating Expenses	7,968,834	8,418,969	8,354,588	9,113,390	9,890,402
Add-Back Depreciation	2,024,708	1,998,438	1,994,177	1,987,588	1,971,739
Net Revenues	4,995,600	5,425,586	4,490,434	4,575,241	4,291,569
2010 Net Debt Service					3,107,545
Debt Service Coverage	N/A	N/A	N/A	N/A	1.38

Bank, and based on fiscal year 2012 financial results the electric system produced debt service coverage of 1.38 times.

The Municipality approved an electric system rate increase on April 1, 2013 of 15% which went into effect on July 1, 2013. A subsequent rate increase is necessary for full implementation of the Municipality's financing plan for the Blue Lake project. At the time of the preparation of this report WFG was awaiting confirmation that the necessary rate increase has been adopted.

Security and Repayment

The Municipality's loan will be secured with net revenues from its electric enterprise system. Sitka was not be able to complete the project within the covenant constraints established in 2010, and the Bond Bank was not in a position to waive any of those covenants without first obtaining bondholder consent, which was not practical. Consequently, the new ordinance requires that payment of the 2013 One and all subsequent loans issued for the Blue Lake project will be subordinate to the payments on the 2010 loan.

As indicated above, Sitka has embarked on an aggressive process of raising electricity rates. The new ordinance under which the 2013 One and subsequent bonds for the Blue Lake project will be issued gives the Municipality credit for rate increases that have been approved, but for which the revenues are not yet reflected in Sitka's audited financial statements.

The ordinance under which the Municipality's 2013 One loan and subsequent loans will secure requires that rates are set so that the system produces net revenues equal to at least 125% of the annual debt service on the 2010 loan and on all parity bonds. The debt service amount used in the rate covenant is net of federal interest subsidies that Sitka receives as a result of a portion of the 2010 loan being issued as "Build America Bonds".

In addition to the rate covenant, the ordinance requires that in order to issue additional parity bonds the Municipality must demonstrate that it can achieve 125% debt service coverage on the 2010 loan and electric system revenue bonds issued on parity with the 2013 One loan.

Lastly, the Municipality will be required to deposit with the Bond Bank's trustee a debt service reserve fund equal to the maximum allowed under federal tax rules. For the purposes of the proposed 2013 Three loan, the reserve requirement is expected to be approximately \$2.34 million. The Municipality will fund the reserve with proceeds of this Bond Bank loan.

State Aid Intercept

The Bond Bank has the authority to intercept state revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a Bond Bank loan. The Bond Bank has never had to utilize this credit feature. The state aid intercept is, however, a significant credit strength. The table below presents the Municipality's revenues subject to intercept compared to maximum annual debt service, including the 2013 loan and the Municipality's other outstanding general obligation debt, all of which is held by the Bond Bank.

Shared Taxes and Fees	\$1,641,483
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$2,563,509
Education Support Funding	\$13,468,594
Matching Grants	\$52,149,536
Community Jails	\$419,450
Revenue Sharing	\$1,301,072
Total Revenue Subject to Intercept	\$71,543,644
Maximum Annual Debt Service	\$10,949,237
Debt Service Coverage	6.53

Future Capital Plans

The Municipality will be seeking additional funding from the Bond Bank to complete the Blue Lake hydroelectric project. The timing of that loan is likely to be in the first half of 2014. The size of that loan will depend on the amount of grant funding obtained from the State for completion of the Blue Lake project.

Estimated Borrower Savings

Savings to the Municipality as a result of borrowing through the Bond Bank are estimated at approximately \$14.22 million or \$6.87 million on a present value basis. Savings are a result of lower interest rates and lower costs of issuance that the Municipality will face as a result of issuing through the Bond Bank rather than on its own.

Statement of No Litigation

Accompanying the application from the Municipality prior to the issuance of the 2013 One Bonds the Municipality submitted a letter from Theresa Hillhouse, the Municipal Attorney, stating that "to my knowledge, there is no litigation pending or threatened... affecting the corporate existence... or seeking to restrain or enjoin the issuance, sale, or delivery of the bonds or the right of Sitka to establish and collect rates and charges for Sitka's Blue Lake Hydroelectric Project pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds or the loan agreement proposed to be entered into

between the applicant and the Bond Bank or contesting the power of Sitka with respect to the Bonds.” The Bond Bank will need to obtain an update of this letter prior to moving forward with this loan request.

Summary

Based on our assessment, the security offered by the Municipality, as set forth in the Municipality’s loan application and supplemental materials, provides sufficient security to justify approval of the application. This approval is contingent on: 1) receipt of an updated no litigation letter from the Municipal Attorney; and 2) a report from a qualified consultant hired by the Municipality that demonstrates that the additional bonds test related to forecast debt service coverage has been met. This will require that the Municipality’s Assembly has approved rates sufficient to produce 1.25 times debt service coverage on maximum annual debt service of the 2010 Bond Bank loan, the 2013 One Bond Bank loan and the current loan.

The security for this loan, which is primarily provided by a pledge of the Municipality’s electric system revenues, is enhanced by both the deposit of a debt service reserve fund with the Bond Bank trustee and by the availability of interceptable state revenues.

If you have any questions related to the preceding report, please do not hesitate to call me at (503) 719-6113.

For Western Financial Group, LLC

A handwritten signature in black ink, appearing to read "Chip Pierce". The signature is stylized and includes a horizontal line extending to the right.

Chip Pierce

Sitka Economic and Demographic Information

Sitka is located on the west coast of Baranof Island fronting the Pacific Ocean, on Sitka Sound. An extinct volcano, Mount Edgecumbe, rises 3,200 feet above the community. It is 95 air miles southwest of Juneau, and 185 miles northwest of Ketchikan. The area encompasses 2,874.0 square miles of land and 1,937.5 square miles of water.

Sitka was originally inhabited by a major tribe of Tlingits, who called the village "Shee Atika." The site became "New Archangel" in 1799. St. Michael's Redoubt trading post and fort were built here by Alexander Baranof, manager of the Russian-American company. Tlingits burned down the fort and looted the warehouse in 1802. In 1804, the Russians retaliated by destroying the Tlingit Fort in the Battle of Sitka. This was the last major stand by the Tlingits against the Russians, and the Indians evacuated the area until about 1822. By 1808, Sitka was the capital of Russian Alaska. Baranof was Governor from 1790 through 1818. During the mid-1800s, Sitka was the major port on the north Pacific coast, with ships calling from many nations. Furs destined for European and Asian markets were the main export, but salmon, lumber and ice were also exported to Hawaii, Mexico and California.

After the purchase of Alaska by the U.S. in 1867, it remained the capital of the Territory until 1906, when the seat of government was moved to Juneau. During the early 1900s, gold mines contributed to its growth, and the City was incorporated in 1913. During World War II, the town was fortified and the U.S. Navy built an air base on Japonski Island across the harbor, with 30,000 military personnel and over 7,000 civilians. After the war, the BIA converted some of the buildings to be used as a boarding school for Alaska Natives, Mt. Edgecumbe High School. The U.S. Coast Guard now maintains the air station and other facilities on the Island. A large pulp mill began operations at Silver Bay in 1960. In 1971, the City and Borough governments were unified. Sitka offers abundant resources and a diverse economy.

Sitka has year-round access to outdoor recreation in the Gulf of Alaska and Tongass National Forest. According to Census 2010, there were 4,102 housing units in the community and 3,545 were occupied. Its population was 16.8 percent American Indian or Alaska Native; 65.3 percent white; 0.5 percent black; 6 percent Asian; 0.3 percent Pacific Islander; 9.8 percent of the local residents had multi-racial backgrounds. Additionally, 4.9 percent of the population was of Hispanic decent. As of 2010, the public sector employed 23.5% of all workers. The local unemployment rate was 6.9%. The percentage of workers not in labor force was 26.9%. The ACS surveys established that average median household income (in 2010 inflation-adjusted dollars) was \$62,024. The per capita income (in 2010 inflation-adjusted dollars) was \$29,982. About 7.0% of all residents had incomes below the poverty level.

Water is drawn from a reservoir on Blue Lake and Indian River, is treated, stored, and piped to nearly all homes in Sitka. The maximum capacity is 8.6 million gallons per day, with 197 million gallons of storage capacity. 95% of homes are connected to the piped sewage system, which receives primary treatment. Refuse is collected by a private firm under contract to the Municipality and disposed of at the permitted, lined landfill. The community participates in annual hazardous waste disposal events. The Municipality owns hydroelectric facilities at Blue Lake and Green Lake, and a diesel-fueled generator at Jarvis Street. Electricity is provided by Sitka Electric Department.

There are 7 schools located in the community, attended by 1,772 students. Local hospitals or health clinics include Mt. Edgecumbe Hospital; Sitka Community Hospital; and the U.S. Coast Guard Air Station. The hospitals are qualified Acute Care facilities. The USCG Air Station provides emergency support only and Medevac Services, and is a qualified Emergency Care Center.

The economy is diversified with fishing, fish processing, tourism, government, transportation, retail, and healthcare services. Cruise ships stimulate tourism industries. In 2010, 563 residents held commercial fishing permits, and fish processing provides seasonal employment. The seafood industry is a major employer. Regional healthcare services, the U.S. Forest Service, and the U.S. Coast Guard also employ residents. Moreover, in 2011, 191 Coast Guard personnel were stationed in Sitka.

The State-owned Rocky Gutierrez Airport on Japonski Island has a 6,500' paved and lighted runway, an instrument landing system, and a 24-hour FAA Flight Service Station. Daily jet service is provided, and several scheduled air taxis, air charters and helicopter services are available. The Municipality operates five small boat harbors with 1,350 stalls, and a seaplane base on Sitka Sound, at Baranof Warm Spring Bay. A boat launch, haul-out, boat repairs and other services are available. Cruise ships anchor in the Harbor and lighter visitors to shore. The Alaska Marine Highway system (state ferry) has a docking facility. Freight arrives by barge and cargo plane.



BLUE LAKE EXPANSION PROJECT

MONTHLY UPDATE FOR CITY ASSEMBLY

Report No. 7

Month ending June 30, 2013

SCOPE

- 83 ft dam raise with modified tunnel system and new 15.9 MW powerhouse (\$89 million)
- Eight supply contracts for Owner-Furnished equipment and materials (\$16 million)

PROJECT HIGHLIGHTS DURING THIS MONTH

- Excavation work in the powerhouse area continued all month with additional work shifts added. Schedule is still of significant concern for the City; however, some schedule gains have occurred and are planned for the coming weeks.
- The City's Resident Project Representative (RPR) and Barnard executed a change order to address nine change items in contract scope as described below. The RPR and contractor continue to discuss an additional group of changes, which we hope to resolve in July. Change items include: powerhouse stairway changes for code compliance; changes in the powerhouse concrete outline, powerhouse miscellaneous metal modifications; powerhouse rebar changes; powerhouse interior windows with 1-hr fire ratings; a new culvert required under the powerhouse access road; and addition of a security gate at the entrance to the drainage tunnel at the dam.
- June 11-The executive level partnering meeting was conducted. The executive partners agreed that project schedule is behind and it was agreed that Barnard would take a larger role in working with and assisting their subcontractors to complete the work on schedule.
- June 19- Blue Lake Tunnelers completed the left abutment thrust block excavation.
- June 20- Board of Consultant meeting No. 10 was conducted in Sitka. The primary purpose of the meeting was to have the BOC inspect the rock conditions at the left abutment thrust block prior to concrete placement. Based on the observations the BOC agreed that the rock was adequate to begin concrete placement and that further rock anchors and drains may be removed from the design.
- June 20- The Dam release valve (Howell Bunger valve) was opened to 90 cfs in an effort to manage the lake level and allow Blue Lake Tunnelers to complete the intake tunnel and gate shaft this season.
- June 20- Barnard submitted a powerhouse work plan.
- June 28- A meeting with Barnard was conducted to discuss the powerhouse work plan, powerhouse cofferdam and powerhouse schedule.
- Multiple Factory Acceptance Tests were witnessed in Canada and Oregon for the turbine generators by McMillen or City staff prior to shipment of the equipment to Sitka.

COST SUMMARY - updated 6/28/13

Project Element	Current Contract Total or Projected Amount	Remaining Contingency incl. Site Representatives	Payments	
			Paid this Month	Paid to Date*
Supply Contracts				
Contract 1 - Turbine Generator Equipment	\$11,573,707	\$1,342,020	\$0	\$5,586,730
Contract 2 - Switchgear	\$629,980	\$81,122	\$0	\$64,581
Contract 2A - SS Switchgear	\$300,000	\$0		\$0
Contract 3 - Gates and Hoist	\$780,185	\$37,505	\$295,795	\$586,349
Contract 4 - Penstock	\$836,315	\$91,660		\$753,962
Contract 5 - 69 kV Transformers	\$592,584	\$26,900		\$1,204
Contract 6 - Bridge Crane Equipment	\$270,518	\$18,170		\$245,246
Contract 7 - Steel Building	\$1,138,918	\$46,730		\$118,607
Contract 8, Debris Management	\$1,530,000	\$0		\$0
Contract 9, General Construction	\$88,054,075	\$4,640,225	\$1,860,117	\$27,886,229
Diesel Fuel	\$1,260,000	\$0		\$0
Temporary Filtration**	\$3,000,000	\$0		\$0
Remaining Project Costs		(\$302,541)		
License Amendment	\$1,150,000	\$0	\$7,259	\$1,122,492
Engineering	\$10,850,000	\$0	\$7,941	\$11,418,153
Construction Management	\$6,974,594	\$0	\$494,527	\$2,513,701
City Performed Work	\$1,495,000	\$0	\$345,342	\$1,203,547
Incentive Payment	\$1,600,000	\$0		\$0
Cost of Insurance/Reserve Account	\$3,500,000	\$0	\$0	\$0
TOTALS	\$135,535,876	\$5,981,791	\$3,010,981	\$51,500,801
ESTIMATED TOTAL PROJECT COST		\$141,517,667		

*Paid to Date includes unpaid retainage

**Temporary Filtration budget updated. Assembly approval will be requested at a later date for the overrun.

COST CHANGES THIS MONTH

- There were no change orders in June for the supply contracts that affected the total price of the Owner supplied materials and equipment. One change order on Contract 7 allowed the building supplier to receive partial progress payments for the building wall panels, in exchange for delaying delivery of the panels to the site.
- We do expect a series of change orders for the supply contracts for the purchase of additional spare parts (Contracts 1, 2, and 6) and for additional current transformer devices on Contract 2, over the next two months.
- Change order 3 was signed for the amount of \$133,585.89 for the general construction contract (Contract 9) in June. The change items include: powerhouse stairway changes for code compliance; changes in the powerhouse concrete outline, powerhouse miscellaneous metal modifications; powerhouse rebar changes; powerhouse interior windows with 1-hr fire ratings; a new culvert required under the powerhouse access road; and addition of a security gate at the entrance to the drainage tunnel at the dam.
- We expect to agree on contract 9, change order 4 during the month of July.

CONSTRUCTION SCHEDULE MILESTONES: PLANNED/ACTUAL

Construction Start	11-20-2012/ 12-3-2012	Sub. Compl. BLU #5	10-24-2014/
Drainage Tunnel Comp.	7-1-2013/ 05-05-2013	Sub. Comp. FVU	11-12-2014/
Drainage Tunnel Comp.	7-1-2013/ 5-1-2013	Sub. Comp. BLU#4	11-22-2014/
Intake complete	8-19-2013/		

Ready for Gen. Outage	8-24-2014/	Substantial Completion	2-1-2015/
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NOTES ON PROJECT SCHEDULE

- Construction at the intake tunnel is nearing completion.
- The Gate shaft raise will begin the first week in July and is expected to be complete prior to August 2nd.
- The first concrete pour on the dam occurred in late June and consisted of the right abutment keyway (9 CY).
- The most recent schedule submitted by Barnard shows the following upcoming target dates:
 - a. Continuation of construction on the Dam raise.
 - b. July 8 – Completion of Powerhouse Cofferdam
 - c. July 12 – Completion of Powerhouse Excavation
 - d. July 18 – Consolidation Grouting on Left and Right Abutments

- Delivery schedules for the supply contracts continue to be acceptable– all show arrival of goods and equipment on site in adequate time. The powerhouse crane and penstock materials are now on site. The turbine generators will ship in July. This is still a very adequate schedule as the start of installation of these items is planned for January, 2014.
- The Contract 3 intake gate and hoist arrived June 28th.
- Contract 7 Metal building fabrication is complete and was inspected at the factory in late June. The building materials are now scheduled for delivery in early July through September, 2013
- The CM team and Electric Department continue working on the City-performed work tasks to ensure these activities get done on time. About half of these work items are now complete. Continued good progress is needed through July to make sure we do not impact the construction schedule. An outage of Blue Lake is planned for July 16-19 to install new circuit breakers in the Blue Lake switchyard.

PROJECT RISK PROFILE

A discussion of the major risk areas follows below. As a general rule risks are measured as follows:

LOW: Probability of less than 10%, or mitigation cost less than \$1 million.

MODERATE: Probability of more than 30%, or mitigation cost up to \$5 million.

HIGH: Probability of more than 60%, or mitigation cost likely more than \$5 million.

The City's project team believes the following risk areas will dominate the potential for increases in overall Project cost. We also believe these areas pose the greatest risk for schedule delays.

Construction Schedule: In Barnard's most recent (June 28, 2013) schedule, they provide a plan to help recover from the late completion of the powerhouse excavation work. The Barnard plan now shows the critical start of the 2014 Generation Outage starting on August 22, 2014, on schedule

CURRENT RISK: MODERATE

Weather and Lake levels: Warm weather is driving an earlier than usual snowmelt in the Blue Lake and Green Lake basins. On June 23, Blue Lake level was 13 feet above its rule curve and Green Lake was 48 feet high relative to its curve. . We opened the big release valve at the dam (the Howell Bunger valve) on June 20 to help keep the lake level low enough for the contractor to finish the intake tunnel excavation. The attached lake level report shows a simulation of how low we could drive the lake with the Howell Bunger valve if needed to support construction. We will use this big valve at the dam to try to maintain lake levels that meet the Contractor's needs and our Contract obligations. We continue to expect the 2013 construction window will be met without problems, see the attached Lake Level Reports.

CURRENT RISK: LOW TO MODERATE

Rock Conditions: Contract 9 includes an allowance of \$2,702,000 for rock support in the Project tunnels, shafts and excavations. This rock support is a combination of rock bolts, shotcrete, and steel arch supports. Based on the excavation work during June it appears that rock support will cost less than expected at the powerhouse, adit and surge shaft, intake tunnel and drainage tunnel. It will cost more in the intake portal and gate shaft areas. Project-wide the total underground excavation work is now about 80% complete.

Additional rock support will be required at the intake area. We have also determined that the rock conditions are not as good as expected on the dam right abutment where the reservoir access road and gate house are located. Realignment of the reservoir access road and a deeper foundation excavation for the gate house are currently being developed. These changes will result in added cost to the City and will consume part of our rock support allowance. This issue remains from April and a final reservoir access road alignment has not yet been defined.

Excavation of the left abutment is substantially complete. Rock conditions appear to be better than anticipated. FERC requested additional analysis of the abutment at elevation 390'. Once we resolve this left abutment analysis and the intake gate shaft is excavated we will know most all of the rock conditions on the project.

Right now the overall allowance for rock support on the project looks to be significantly more than adequate and we should expect an under-run on rock support quantities.

CURRENT RISK: LOW

City Performed Work, for Contract 9: The City has elected to self-perform some work associated with the Project's general construction. This work includes: procurement, installation and field wiring of a switchyard control building; installation and connection of fiber-optic cables from the powerhouse to the dam; control wiring of the Fish Valve Unit generator; and design and installation of the SCADA system. The bulk of this work is either under design or is underway at the Project. We are currently making good progress in this work and we are on schedule.

CURRENT RISK: LOW. [See Appendix 1-Action Plan at the end of this monthly update, for the status of this self-performed work].

Temporary Water Filtration Plant: During the August through September 2014 outage of the Blue Lake tunnel, the City will need to get its drinking water from a temporary water supply. This temporary system needs to be designed, purchased and installed at Indian River. This system must be in place and fully operational before the Blue Lake tunnel can be shut down to connect the new powerhouse. Any delay in the filtration plant beyond August 1, 2014, will delay the hydro expansion Project. Currently a \$2 million cost allowance is being maintained in the Blue Lake Expansion Project funds for the filtration plant. CH2 MHILL estimates \$3.0 million. This \$1.0 million dollar increase has been added to the project cash flow spreadsheet using contingency funds which have now been consumed. The filtration project is being managed by the City's Public Works department.

CURRENT RISK: MODERATE [The current status of the filtration system design and planned construction is described in Appendix 2. If the filtration system is constructed as planned, we will be ok for the Expansion Project.]

Other: This is a broad combination of bad things that might happen such as: earthquake; construction site accidents; equipment damage during shipping; floods; extreme winter weather; fire; labor unrest; etc. We expect that many of these risks would be covered by insurance at least in part.

CURRENT RISK: LOW

PROJECT PHOTO RECORD THIS MONTH

Photos are taken of each work area each month from a fixed location to document construction progress by work area. Relevant photos of the project for this month are provided on the following pages.



Figure 1. Dam and Left Abutment Area, Blue Lake Tunnelers completed the left abutment thrust block excavation. Work on the keyway began and the first concrete pour was completed on the dam.



Figure 2. Drainage Tunnel and Scour Wall, the Howell Bunger valve was opened to 10% to control the rising lake level.



Figure 3. Intake Portal and Right Abutment, Blue Lake Tunnelers have completed 700 of 829 feet of the intake tunnel.



Figure 4. Gate House Location, No change this month.



Figure 5. Dam Staging area, The 600 ton crane boom was disassembled to add an additional 40 feet of boom and a new counter weight carriage.



Figure 6. Surge Chamber Top Portal, The small structure over the surge shaft is complete.



Figure 7. Lower Portal Area, No change this month.



Figure 8. Powerhouse Site, Excavation work in the powerhouse area continued all month with additional work shifts added.



Figure 8. Lower Project Site, Excavation of the new powerhouse site is ongoing.

LAKE LEVEL WINDOW FORECAST
Blue Lake Expansion Project
Contract 9 – General Construction

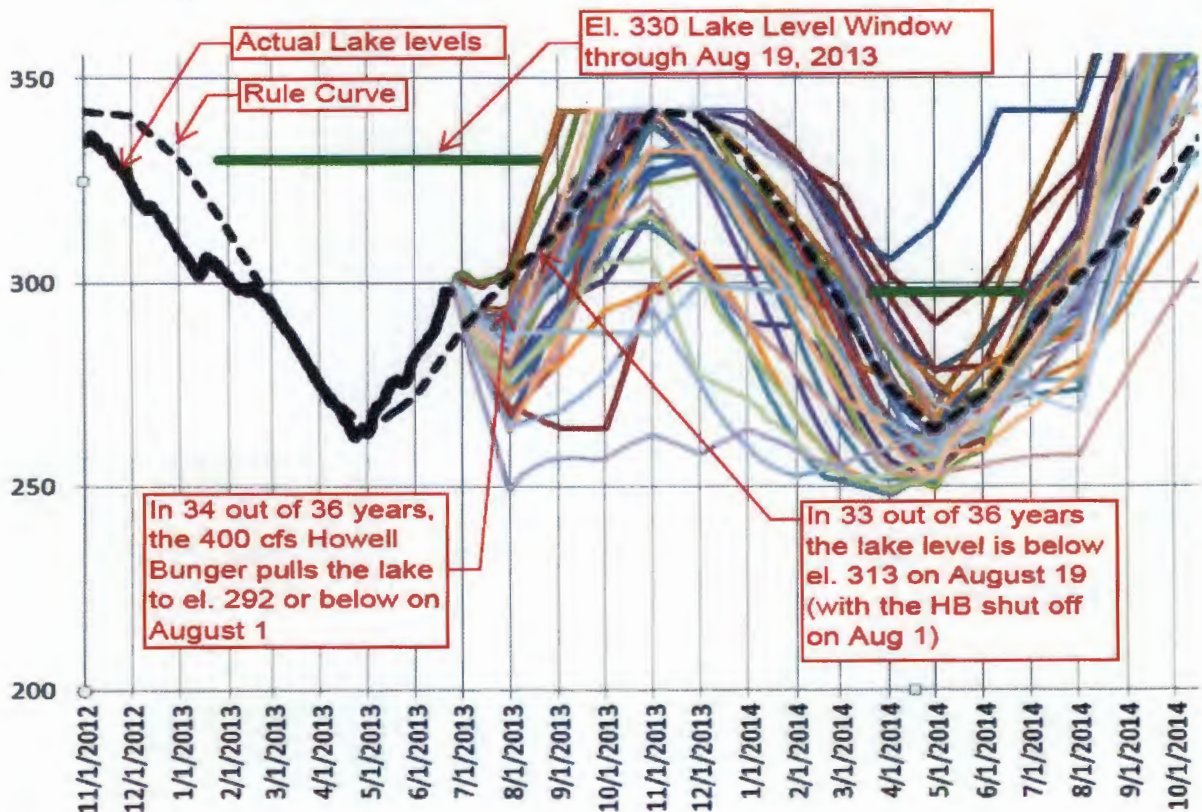
Forecast Date: June 24, 2013

Blue Lake WSEL: 298.3 on June 23, 2013

2013 Lake Level Window: At or below WSEL 330 from January 26 to August 19, 2013

Highlights:

1. This model run simulates opening of the Howell Bunger valve to 400 cfs starting June 27 and holding this flow for 34 days till July 31. The simulated flow releases in this run include the following:
 - a. 140 cfs flow at campground (FVU turbine 70 cfs plus 70 cfs in bypass valve)
 - b. 400 cfs Howell Bunger valve flow from June 27 to July 31
 - c. 102 cfs at PMFU powerhouse (60 cfs turbine and 42 cfs bypass valves).
2. With this increased flow from the dam, the probability of August 19 lake levels are as follows:
 - a. Above el. 330 on August 19 = 0/36 years, or 0%
 - b. Above el. 313 on August 19 = 3/36 years, or 8%
3. With this simulation of running the HB valve during July we would have a 47% chance (17 years out of 36) that Blue Lake will spill this fall, 2013. In other words, there would be a 53% chance the lake would not refill fully, if a “full generation” policy is followed for Blue Lake after August 19.



Appendix 1 to Monthly Update for City Assembly

**June 28, 2013
ACTION PLAN
City Performed Work, for Contract 9**

The following table presents the Project Team's plan, staffing assignments and schedule to ensure that these owner-furnished design, fabrication and construction elements of the Expansion Project do not delay the construction contractor or result in additional costs.

Blue shaded boxes indicate completed work items.

Yellow shaded boxes indicate items of concern.

Project Element	Design Phase		Fabrication, Delivery and Construction		
	Lead	Date planned/ complete	Lead	Date Complete	Notes
PH Plant Function PLC panel, with BOM	S. Kim	4/30/2013/	B. Belley	Jul-13	Small communication and PLC panels, to be "owner furnished" to Barnard
Industrial water pump panel (outside south wall of PH)	S. Kim	5/15/2013/	B. Belley	Jun-13	Small communication and PLC panels, to be "owner furnished" to Barnard
Industrial water pump VFD cabinet (inside east wall of PH--S.E. corner)	S. Kim	7/15/2013	B. Belley		Seung to update design. Specs are 80% complete.
Fish Valve Unit as-builts	R. Dryden	4/18/2013/			Not critical path. Switchyard to be done first.
Fish Valve Unit interconnection wiring design, diagrams	R. Dryden	6/1/2013/	B. Belley	Oct-14	Install wiring and start up FVU after Generation Outage
Switchyard control panels – First Priority for Bob	R. Dryden	3/15/13, now 4/15/13/	B. Belley	Sep-13	Boreal controls will supply the Hoffman boxes. Seung will provide model numbers for relays. CBS will purchase relays. Bruce Belley will build the panel and install in building.
Switchyard control enclosure (building)	R. Dryden	4/20/2013/	Parkline	After June 15, 2013	Dean ordered the building from Parkline. Bob will do the foundation design after we receive shop drawings
Work in the more distant future:					
SCADA system design and supply	T. Honadel, D. Orbison	Nov-13	T. Honadel, B. Belley	3/1/2014	CBS furnish and install a complete SCADA system. Tal needs the UEE tags to proceed.
PH interconnection diagrams	S. Kim	12/1/2013			Design of interconnects needed to quantify cable schedules. Barnard needs for install in 2014. Seung needs UEE interconnect to complete.
Relay Coordination and Ground Fault Study	EPS Corp.	2/1/2014	EPS	6/1/2014	These are settings for the protective relays and controls
Station interface with old Blue Lake PH	B. Dryden	1/15/2014	J. Wheeler	Nov-14	Re-power existing PH as a shop area, after Generation Outage.

Appendix 1 to Monthly Update for City Assembly – continued

Project Element	Design Phase		Fabrication, Delivery and Construction		
	Lead	Date planned/ complete	Lead	Date Complete	Notes
Completed work:					
Water Treatment Plant phone and fiber	J. Wheeler	Feb 2013/ 3/28/2013	Chatham Electric	Mar-13	Chatham on site now, expects to finish on March 29, 2013
PMFU demolition of conduit, pole, UG cables – telephone line as well	J. Wheeler	Mar 2013/ 3/25/2013	J. Wheeler	Apr-13	Need before Barnard excavates for penstock. Chatham on-site now for this work. May be complete. Will update on Apr 19, 2013.
Gate house comm/level monitoring panel (modification of C9 dwgs to suit revised panel.)	S. Kim	4/20/2013/ 4/12/2013	B. Belley	May-13	Small communication and PLC panels, to be "owner furnished" to Barnard. Fabrication is complete. McMillen (Joe) to provide memo that we are combining 2 panels. Memo should show revised conduit
Low Voltage Switchgear (contract 2A) (Eaton Corporation is selected vendor.)	S. Kim	3/15/2013/ 3/28/2013	D. Orbison	6/1/2013	PO to be issued to Eaton Corp. following Assembly approval at April 9, 2013 Assembly meeting.
Switchyard control conduit & cable schedule – Second Priority for Bob	R. Dryden	4/1/2013, now 4/20 /	D. Orbison	Oct-13	Jeff has information. He is updating.
Shunt trip for standby generator logic, New panel SSP2A	S. Kim	4/16/2013	Barnard (under C9)	--	Ask Jeff Coleman if this is a good idea; Jeff did all the electrical load calcs. (Jeff approves.)
Standby Generator internal controls – PH design for startup, shutdown of standby generator	S. Kim	Mar 2013/ 3/20/2013	Barnard	4/1/2014	Shunt trip devices now provided in switchgear. PLC programming remains as only City-furnished item. ASRC supply will be sufficient.
Blue Lake Expansion conduit for fiber-optic runs	B. Dryden	3/1/2013/ 3/15/2013	Barnard	6/1/2014	Design for embed conduit, by 3/1/2013—finished. Remaining design, and check of conduit, needed 6/1/2013. Install 2014
Low voltage transformers T4, SST1, SST2, and WTPTX (Owner furnished transformers in C9 contract).	R. Dryden	5/15/2013/	D. Orbison		Purchase contract documents. CBS will procure via PO. Owner-furnished to Barnard
Replace Switchyard 22 and 55 Circuit Breakers,	B. Belley	Complete	J. Wheeler, B. Belley	May-13	CBS will install breakers with j-boxes for terminating to new substation control conduit. Jeff W. to do this July 16-18. Dean scheduled ABB.
Terminate Fiber-optic for Blue Lake Expansion	J. Wheeler, B. Belley	Design Complete, mid March	Chatham	6/1/2014	Fiber must be terminated at the following locations: Gate house, FVU, Switchyard control building, BLU SCADA, B-3, B-4, B-5

June 30, 2013

**Summary of Temporary Filtration Project Status
as Provided by Public Works Department**

Alternative Water Source Investigation Filtration (Blue Lake Project):

We held a kick-off meeting with the consultant to discuss schedule and methods of procurement of the pumps, temporary water contact tanks and filter units. The proposed schedule has the design completed in October 2013, Alaska Department of Environmental Conservation permitting completed in March of 2014, construction of the piping and pumping completed in April 2014 and final installation of the filter units in June 2014 for operation in July 2014. The preliminary design has a projected design and construction cost of \$3,000,000. Due to the lack of well potential in the Indian River Valley, temporary surface water filtration will need to be utilized during the Blue Lake Project outage. Award of the design contract was approved by the Assembly on February 12, 2013.

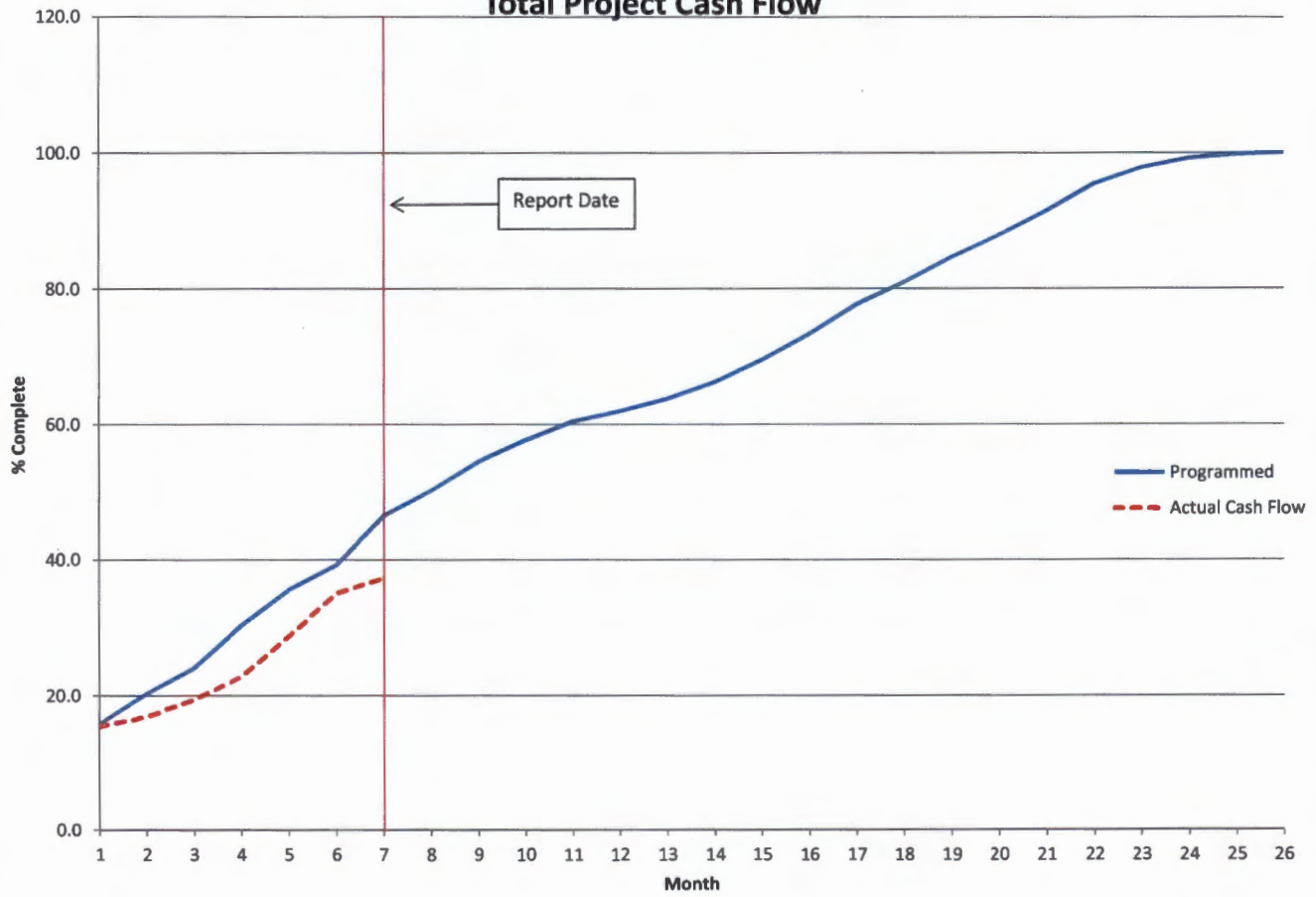
Installation of Titan 130 Turbine for Standby Generation:

Following is the project status:

- Agreement with Solar was signed and a down payment of \$1,700,000 was made for the turbine generator package. Delivery of the turbine generator is scheduled for March 5 2014.
- 69kV main transformer has been awarded to CG Power Systems.
- 69kV Switchgear have been purchased to duplicate the breakers purchased for the Blue Lake Expansion.
- Fuel tanks bids are due July 15, 2013.
- Site rock removal is scheduled to be complete in August 2013. The rock removal is the critical path for project at this time. Support from all City Staff in getting the rock out of the way of construction will be helpful. If the rock removal is not completed until December (as S&S has requested) the Titan Turbine installation will most likely not be completed as planned, which is prior to the Generation Outage.
- Concrete pours are scheduled for August 2013.

Jack West is herding this project along but he can't remove the rock.

Total Project Cash Flow



BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JUNE 30, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

1. Progress of work

Environmental Protection

Barnard continues to install erosion and sediment control measures as required at the dam site, storage yard at Sawmill Cove Industrial Park and powerhouse area as ground disturbing activities continue. BMP maintenance and repair is ongoing as needed throughout the project site.

Intake Tunnel Excavation/Gate Shaft Excavation

Blue Lake Tunnelers have completed approximately 650 LF of tunnel excavation (through June 26) and should complete the intake tunnel in early July. Once the tunnel is complete, BLT will setup the Alimak Mechanized Raise Climber and complete the gate shaft excavation.

Dam Raise

Barnard crews have completed the demolition of existing dam concrete features on the right abutment. We have also completed the concrete keyway required on the right abutment. We have also begun concrete demolition activities on the existing left abutment concrete.

Left Abutment Excavation

Blue Lake Tunnelers completed the left abutment excavation in June. The Board of Consultants was onsite June to evaluate the rock conditions at the left abutment prior to grouting and concrete placements. We anticipate consolidation grouting activities to begin in early July on the left abutment.

Adit Tunnel/Surge Shaft

Blue Lake Tunnelers have completed installation of the surge shaft top structure steel can and "birdcage". They are currently installing the permanent barrier fence and demobilizing equipment from the mountain. The work in this area will be complete in early July. Barnard crews completed the concrete stem wall in the adit tunnel around the tie-in location to the existing tunnel.

Powerhouse

ASRC McGraw and Southeast Earthmovers have continued the rock excavation required for the powerhouse construction. A dewatering system and larger cofferdam is currently being installed to maintain a dry working environment for the lower level powerhouse concrete activities.

2. Status of Construction

Status of Ongoing Major Construction Activities

- Dam Staging Area – Complete, except for final cleanup at project completion

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JUNE 30, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

- Powerhouse Excavation – 65% complete
- Gate House Access Road – 95% Complete
- Reservoir Access Road – Complete, for first season construction activities.
- Intake Tunnel Excavation – 75% complete.
- Left Abutment Rock Excavation – Complete
- Dam Parapet Wall Demo – 75% complete

See Section 1 above for construction work completed in June 2013.

3. Construction Issues

Powerhouse excavation activities remain behind the critical path schedule. June Progress at the intake tunnel has regained the negative float on the schedule relative to Milestone #2. We expect to complete the intake and gate shaft excavation ahead of the August 19, 2013 milestone date.

4. Contract Status

Barnard's key subcontractors for the Blue Lake Project are as follows:

Name	Scope
ASRC McGraw Constructors, LLC	Powerhouse Construction
Southeast Earthmovers, Inc.	Excavation
Blue Lake Tunnelers	Underground Construction
Crux Subsurface	Foundation Grouting, Micropiles, PRW's
O'Neill Surveying and Engineering	Land Survey
Baranof Materials Test Lab	Quality Control
NAES Power Contractors	Turbine-Generator Installation/Electrical

Barnard's key material suppliers for the Blue Lake Project are as follows:

Name	Scope
ASRC McGraw Constructors, LLC	Concrete Supply
Gerdau Reinforcing Steel	Concrete Reinforcing Steel
Haskell Corporation	Misc. Metal Fabrication

5. Critical Events and Dates

Please see attached summary progress schedule updated June 26, 2013.

Critical Dates for the Blue Lake Project are as follows:

Milestone	Date	Required Status of Construction
1	07/01/2013	Drainage Tunnel Complete – Completed May 6, 2013
2	08/19/2013	Initial Intake Excavation Complete
3	06/04/2014	Intake Structure Complete
4	08/24/2014	Ready for Generation Outage

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JUNE 30, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

5	61 days after start of Generation Outage	Substantial Completion of 1 st Blue Lake Turbine Generator
6	91 days after start of Generation Outage	Substantial Completion of 2 nd Blue Lake Turbine Generator
7	80 days after start of Generation Outage	Substantial Completion of Fish Valve Unit

6. Reservoir Filling

Not applicable for this report

7. Foundations

Not applicable for this report.

8. Sources of Major Construction Material

The City and Borough of Sitka will be providing most of the major construction materials for this project. Please see list below.

Contract No.	Vendor	Scope of Supply
1	Gilbert Gilkes and Gordon, Ltd.	Turbines and Generators
2	Myers	12.47 kV Switchgear
3	Linita Design and Manufacturing	Bulkhead Gate, Fixed Wheel Gate and Hoist
4	T Bailey, Inc.	Penstock and Manifold
5	WEG Electric	69kV Transformers
6	Benchmark Industrial Services	Powerhouse Bridge Crane
7	CHG Building Systems	Powerhouse Building

Materials Received this Period:

Rebar – Barnard has been receiving reinforcing steel for the powerhouse and dam throughout the month of June.

Misc. Metals - Barnard has been receiving misc. metals for various project features throughout the month of June.

9. Material Testing and Results

ASRC McGraw has continued with trial batching onsite with satisfactory results for all mix designs. Additional lab testing is ongoing on a potential alternate mix design for the mass concrete in the dam.

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JUNE 30, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

Barnard completed two concrete pours in June. 7 day breaks have been completed on the Adit Tunnel stem wall with average break strength of approximately 6000 psi. We have not received any break data on the keyway concrete pour to date.

10. Instrumentation

Not applicable for this report.

11. Photographs



Figure 1: Left Abutment Excavation

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JUNE 30, 2013
Prepared by: BARNARD CONSTRUCTION COMPANY, INC.



Figure 2: Aerial View of Intake Tunnel Portal



Figure 3: Surge Shaft Top Structure

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JUNE 30, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.



Figure 4: Powerhouse Excavation



Figure 5: Keyway Concrete Pour

12. Erosion Control and Other Environmental Issues

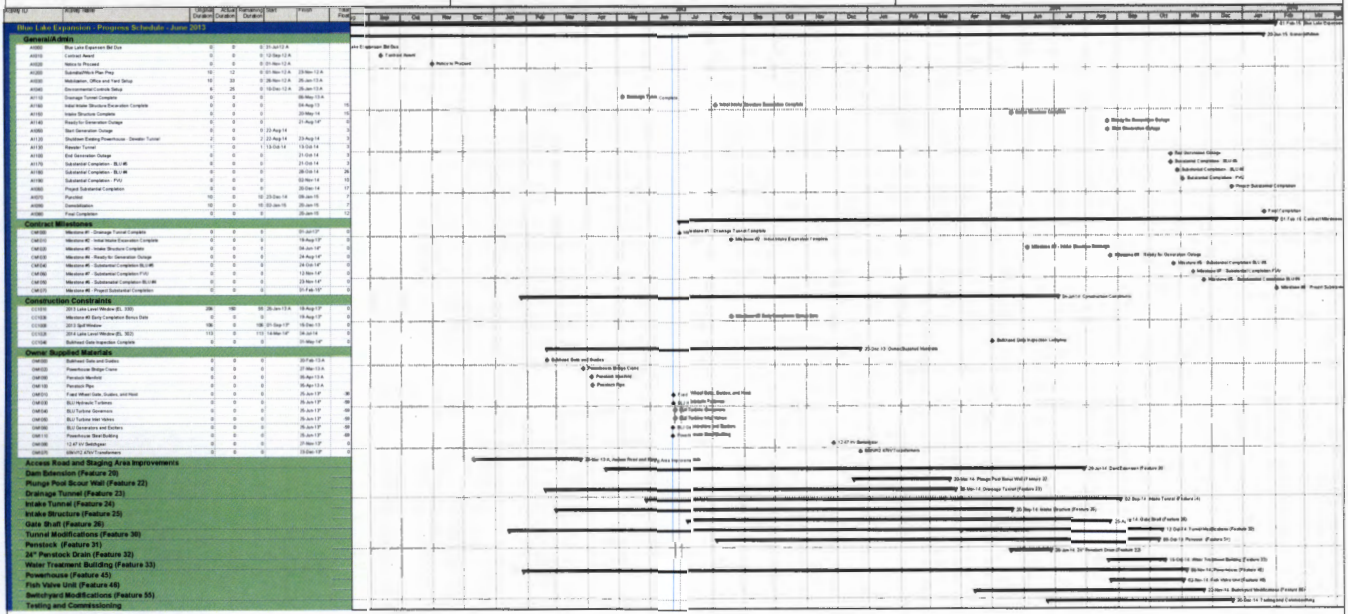
BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JUNE 30, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

Barnard is continuing to install the required environmental protection measures on the project site ahead of ground disturbing activities. Ongoing maintenance of dewatering system at powerhouse excavation site will be required to maintain water quality in Sawmill Creek.

13. Other Items of Interest



Alaska Municipal Bond Bank
Application Credit Review Summary Page

Applicant:	City of King Cove
Loan Amount:	Approximately \$2.35 million
Project Type:	Improvements to the King Cove hydroelectric system and refunding of a previously issued USDA electric loan.
Project Description:	The City will use the Bond Bank loan for construction of the City's second "run-of-the-river" hydroelectric project. The existing and new hydroelectric projects are projected to generate approximately 70% of the City's electric generating capacity and diminish the City's usage of diesel fuel to power electric generators that supplement the City's electric power generation. In addition, the City will use the Bond Bank loan to refund a 1995 electric system loan from the U.S. Department of Agriculture.
Term of Loan:	25 years
Revenues Pledged to Loan:	Electric system revenues
Most Recent FY Pledged Revenues:	\$403 thousand
Estimated Annual Debt Service:	\$207 thousand
Most Recent FY Debt Service Coverage Ratio (FY 2012):	1.94x
Total Bond Bank Annual Debt Service:	\$312 thousand
Most Recent FY State-Shared Revenues (SSR):	\$1.429 million
Debt Service Coverage of AMBB DS from SSR:	4.59x
Loan Subject to State Debt Service Reimbursement:	no
Estimated Borrower Savings (Gross):	\$407 thousand
Estimated Borrower Savings (Present Value):	\$304 thousand
No Litigation Letter Received:	no

Loan Application Evaluation

King Cove

Introduction

The City of King Cove (the “City”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a Revenue Bond Loan totaling approximately \$2,350,000. The City will use the Bond Bank loan for improvements to the City’s hydroelectric generating system.

The Project

In 1995 King Cove constructed the Delta Creek hydroelectric facility. The project cost \$5.7 million, approximately one-third of which was financed with a loan from the U.S. Department of Agriculture. The Delta Creek hydro facility is estimated to have saved King Cove more than 2.5 million gallons of diesel fuel since the mid-1990s, which has resulted in over \$4 million in fuel cost savings. Building on the success of the Delta Creek facility, the City is embarking on the construction of a hydroelectric project on Waterfall Creek located 5 miles north of King Cove and adjacent to the Delta Creek facility. The plant will, like the Delta Creek project, be a run-of-river system. The project also includes the construction of a powerhouse, 4,500 foot penstock, and a 5,000 foot access road. The hydroelectric plant is expected to displace 75,000 gallons of diesel fuel annually. It will utilize the same transmission line as Delta Creek.

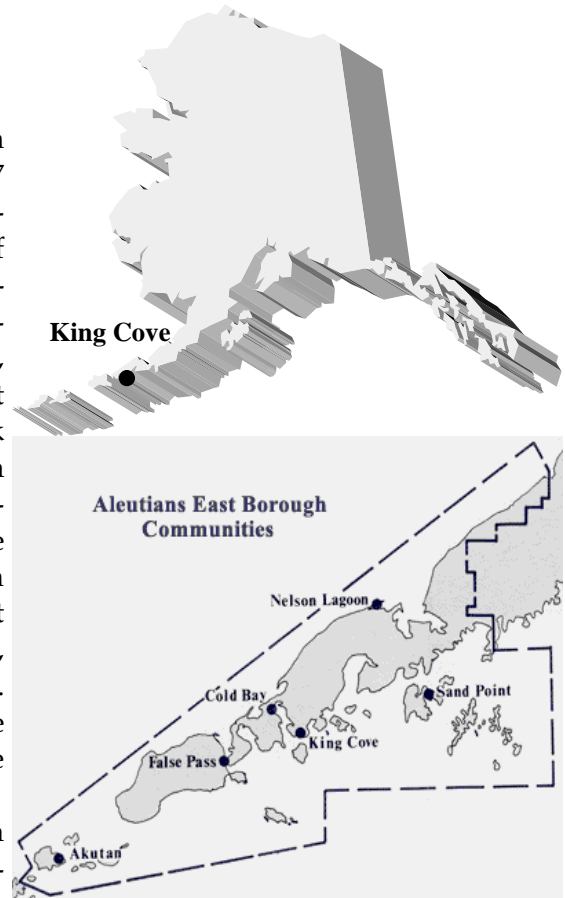
This project is expected to cost \$4.5 million and produce approximately 1.0 MW of annual energy. Project funding will be a partnership between the State (\$2.8 million) and local government (\$1.7 million), with between \$1.3 million and \$1.5 million of the local share coming in the form of a loan from the Bond Bank.

In addition to the construction of the new hydroelectric facility at Waterfall Creek, the City expects to refinance the prior USDA loan, of which approximately \$835 thousand remains outstanding at an interest rate of 5.50%.

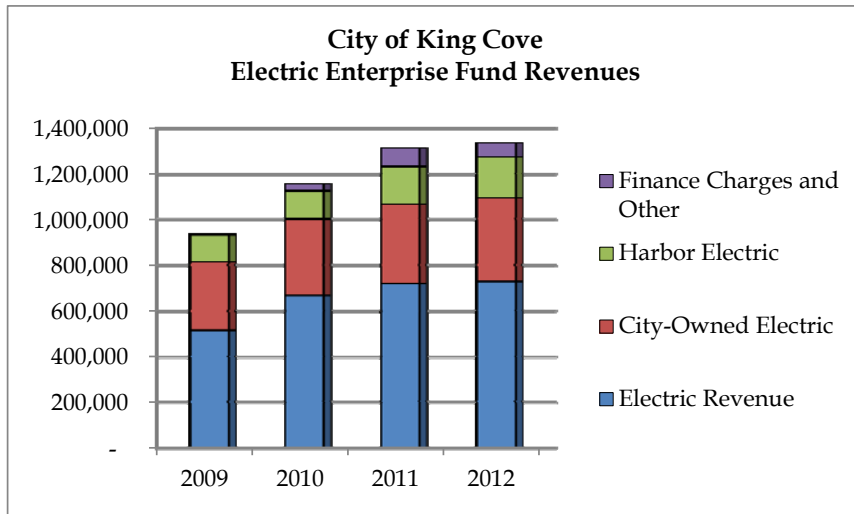
Electric Enterprise Operations

The City’s electric enterprise system serves a customer base of approximately 150 residential customers and approximately the same number of commercial customers, which includes boats in the City’s two small boat harbors. Current electricity demand is approximately 5.2 MW, 60% of which is generated by hydro power.

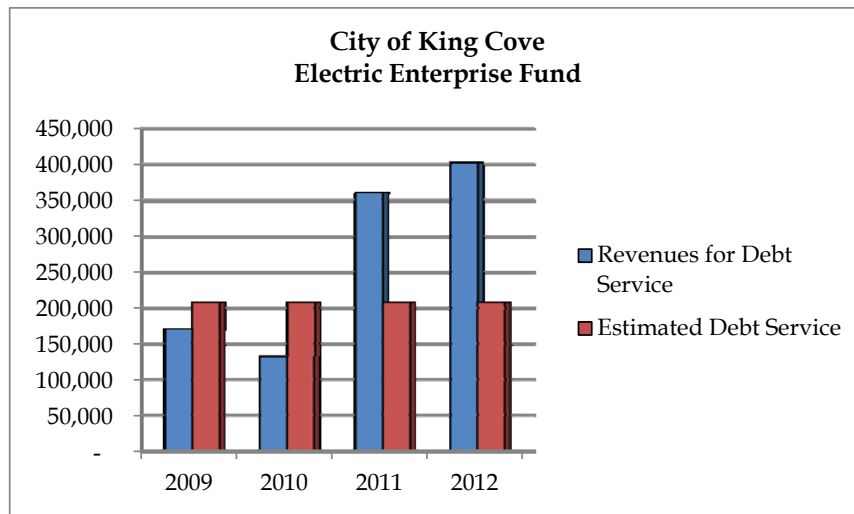
The City’s electric system is operated as an enterprise fund, and electric rates are set to recover all revenue requirements. In fiscal year 2011 the City increased its electric rates, from 26 cents/kwh to 30/kwh for residential and commercial customers, although the rates for boats were increased to 35 cents/kwh.



Revenues to the City's Electric Enterprise Fund are made up of three primary sources. These include Electric Revenue (revenue from residential and commercial customers), City-owned electric revenue (charges to other departments), and Harbor electric revenue (payments from boats in the City's small boat harbors).



Over the past 4 years, Electric Revenues have made up more than half of total Electric Enterprise Fund revenues, totaling 55.4% in the period from fiscal year 2009 to 2012. City-owned Electric Revenues accounted for 28.5% of fund revenues during that period, followed by Harbor Electric Revenues, which accounted for 12.4%. The graph to the left presents a breakdown of fund revenues over the past four fiscal years.



Over the past four fiscal years, the largest expense for the Electric Enterprise Fund, net of depreciation, has been diesel fuel purchased to run the City's electric generators, which produce approximately 40% of the City's electricity. With the completion of the Waterfall Creek project, hydro-produced electricity is expected to make up as much as 70% of power production, further reducing the City's dependence on diesel-generated electricity and enhancing the financial position of the fund.

As indicated earlier, the City increased electric rates in fiscal year 2011. This had an immediate and positive impact on the financial position of the fund, as reflected in the graph above. Based on fiscal year 2012 results, the fund produced net revenues equal to 1.94 times estimated debt service on the USDA refunding and Waterfall Creek hydroelectric project.

Although FY 2013 audited results are not available, City staff expect that the forecast coverage will be below 1.0 times due to a number of technical issues that have subsequently been resolved. Due to complications associated with the remote operations of the Delta Creek project during the winter of 2012-13, the City was forced to utilize diesel generators at a much higher level than would have otherwise been the case. The result was a spike in diesel fuel expenditures from approximately \$555 thousand in FY 2012 to approximately \$700 thousand in FY 2013. City staff state that absent the technical challenges in FY 2013, diesel costs would have been less than \$600 thousand, which would have resulted in forecast debt service coverage of more than 1.40 times.

Security and Repayment

The City will pledge to secure the Bond Bank loan with net revenues from its electric enterprise system.

The additional bonds test in the electric utility revenue bond resolution requires that, before additional parity bonds may be issued, the City must demonstrate that net revenues are sufficient to cover existing and projected debt service by 1.25 times based on audited net revenue collections.

Alternatively, the City may issue additional parity bonds based on a certificate of an expert consultant that takes into account: 1) the historic net revenue of the electric system for any 12 of the preceding 30 months; 2) estimated revenues of current electric system customers that have not been customers for a 12 month period; 3) an increase in electric rates that have been implemented, but have not yet been reflected in audited financial statement, and 4) new revenues associated with extensions of the facilities that will be financed with the proceeds of additional bonds.

The 2013 bonds will be the first issued under the bond resolution. The City is also required to obtain Bond Bank consent prior to the issuance of bonds secured by electric system revenues.

The bond resolution also includes a rate covenant that requires the City to establish, maintain and collect electric system revenues sufficient to cover debt service by 1.25 times. If the City fails to maintain revenues sufficient to meet the rate covenant, the bond resolution requires the City to retain an expert consultant to make recommendations on improvements to operations in order to meet the rate covenant.

The bond resolution requires the City to fund a debt service reserve in an amount equal to the lesser of 1) 10% of the par amount of the bonds; 2) 125% of average annual debt service; or 3) 100% of maximum annual debt service. In the case of the bonds to be issued for this project, based on current rates and the City's desired 25-year term of the bonds, the reserve fund will likely be funded at maximum annual debt service, or approximately \$195 thousand.

State-Aid Intercept

In addition to the Electric Enterprise Fund pledge by the City, the Bond Bank has the ability to intercept state-shared revenues that will otherwise flow to the City. This is a significant source of security for this loan. The table below summarizes the revenues subject to intercept, along with the maximum annual debt service on the City's bonds.

Shared Taxes and Fees	\$524,085
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$0
Education Support Funding	\$0
Matching Grants	\$703,320
Community Jails	\$0
Revenue Sharing	\$201,529
Total Revenue Subject to Intercept	\$1,428,934
Maximum Annual Debt Service	\$311,554
Debt Service Coverage	4.59

Estimated Borrower Savings

Savings to the City as a result of borrowing through the Bond Bank are estimated at approximately \$407 thousand or \$304 thousand on a present value basis. Savings are a result of lower costs of issuance than the City will face as a result of issuing through the Bond Bank, as well as lower assumed yields.

Outstanding Debt and Future Capital Plans

The City has no general obligation debt outstanding. With the sale of this issue, the City will have approximately \$3,450,000 of debt outstanding under the Bond Bank's 2005 Resolution. The City is examining the potential for issuing bonds to purchase a solid waste incinerator that will address the City's diminishing landfill capacity. The City may seek a Bond Bank loan of up to \$600,000 in the next 12 to 15 months.

Statement of No Litigation

At the time that this report was prepared the no litigation letter had not been provided.

Summary

Based on our assessment, the security offered by the City, as set forth in the City's loan application and supplemental materials, provides sufficient security to justify approval of the application subject to receipt of the no litigation letter. This security, which is primarily provided by a net revenue pledge of the Electric Enterprise Fund, is augmented by state interceptable revenues.

For these reasons, we recommend approval of this loan application. If you or any of the Board members have any questions regarding our analysis, please feel free to call me at (503) 719-6113.

For Western Financial Group, LLC

A handwritten signature in black ink, appearing to read "Chip Pierce". The signature is stylized and includes a horizontal line extending to the right.

Chip Pierce

City of King Cove Economic and Demographic Information

King Cove is located on the south side of the Alaska Peninsula, on a sand spit fronting Deer Passage and Deer Island. It is 18 miles southeast of Cold Bay and 625 miles southwest of Anchorage. The area encompasses 25.3 square miles of land and 4.5 square miles of water. King Cove lies in the maritime climate zone. Snowfall averages 52 inches, and total annual precipitation is 33 inches. Fog during summer and high winds during winter can limit accessibility.

King Cove's economy is primarily based on fishing and its waterfront consisting of two public harbors, six docks (3 private and 3 public), and a public, deep-water port. King Cove has a very advantageous location adjacent the rich-fisheries of the Gulf of Alaska and Bering Sea and a year-round, ice-free waterfront.

King Cove was founded in 1911 as a codfish buying station. There has been a prominent fish buyer and/or processor in King Cove ever since the community started. Today, Peter Pan Seafoods, Inc. has been in King Cove for over 40 years and is one of the largest, year-round processors in the State of Alaska.

Only Dutch Harbor-Unalaska and Kodiak exceeds King Cove in millions of pounds of fish landed, and only those same two communities, along with Naknek-King Salmon exceeds King Cove in millions of ex-vessel value.

The City has 25 permanent, full-time employees. The City has six departments (administration, public works, public safety, harbor/port, electric, and recreation departments). The City's Mayor receives a monthly stipend and runs the day-to-day operations of the City with the assistance of the city administrator and administrative manager. The City administrator and administrative manager work in the City's Anchorage Office.

The City, along with the Aleutians East Borough and cities of Sand Point and Akutan, own a 20,000 square foot office building in Anchorage.

The City maintains lobbyists in Juneau and Washington, DC. The City pursues capital funding opportunities to keep improving and/or expanding the community's infrastructure, as well as monitoring and advocating for fishing regulations that impact King Cove's fishing industry.

King Cove has one of the most efficient hydroelectric facilities in rural Alaska. The Delta Creek Hydroelectric Facility came online in 1995 and provides the City with electricity at a cost of \$.030/kwh. This is the cheapest single-site cost of the more than 150 communities that receive a power cost equalization subsidy from the State. The community anticipates building a second hydro facility in 2013-14.

The City also operates a major municipal water system that provides both residential and industrial users, including approximately 250 million gallons of water a year to Peter Pan Seafoods. The City also operates a wastewater system and municipal landfill and maintains about 10 miles of local roads.

King Cove is accessible only by air and sea. A state-owned 3,500 long by 100 wide gravel runway is available. The State Ferry operates bi-monthly between May and October. The ferry and marine cargo services use one of three docks owned by Peter Pan Seafoods. A deep water dock is also operated by the City. The North Harbor provides moorage for 90 boats and is ice-free all year. The Babe Newman Harbor is operated by the City and provides additional moorage for 60' to 150' fishing vessels.

**ALASKA MUNICIPAL BOND BANK
RESOLUTION NO. 2013-04**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION BONDS, 2013 SERIES THREE, OF
THE ALASKA MUNICIPAL BOND BANK**

WHEREAS, the Board of Directors of the Alaska Municipal Bond Bank (the "Bank") by Resolution 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 "Resolution"), has created and established an issue of Bonds of the Bank; and

WHEREAS, the Resolution authorizes the issuance of said Bonds in one or more series pursuant to a Series Resolution authorizing each such series; and

WHEREAS, the Board of Directors of the Bank has determined that it is necessary and required that the Bank issue at this time a Series of Bonds to be designated "Alaska Municipal Bond Bank General Obligation Bonds, 2013 Series Three" (the "2013 Series Three Bonds") to provide moneys to carry out the purposes of the Bank;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALASKA MUNICIPAL BOND BANK AS FOLLOWS:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

Section 101 - Series Resolution.

This Series Resolution (the "2013 Series Three Resolution") is adopted in accordance with the provisions of the Resolution and pursuant to the authority contained in the Act.

Section 102 - Definitions.

In this 2013 Series Three Resolution and with respect to the 2013 Series Three Bonds:

(1) Unless otherwise defined in Article I herein, all capitalized terms herein shall have the same meanings, respectively, as such terms are given in Article I of the Resolution.

(2) "Bank" shall mean the Alaska Municipal Bond Bank.

(3) "Beneficial Owner" shall mean the person in whose name a 2013 Series Three Bond is recorded as the beneficial owner of such 2013 Series Three Bond by the respective systems of Depository Trust Company and the Depository Trust Company Participants or the registered owner of the 2013 Series Three Bond if the 2013 Series Three Bond is not then held in book-entry form under Section 206.

(4) "Bond Purchase Contract" shall mean the agreement by and between the Bank and Underwriter, providing for the purchase and sale of the 2013 Series Three Bonds.

(5) "Bond Year" shall mean each one-year period that ends on an anniversary of the date of issue of the 2013 Series Three Bonds.

(6) "Chairman" shall mean the chairman of the Board of Directors of the Alaska Municipal Bond Bank Authority (also known as the Alaska Municipal Bond Bank).

(7) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

(8) "Continuing Disclosure Certificate" shall mean the Continuing Disclosure Certificate executed by the Bank and dated the date of issuance and delivery of the 2013 Series Three Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(9) "Depository Trust Company" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

(10) "Depository Trust Company Participant" shall mean a trust company, bank, broker, dealer, clearing corporation and any other organization that is a participant of Depository Trust Company.

(11) "Excess Investment Earnings" shall mean the amount of investment earnings on gross proceeds of the 2013 Series Three Bonds determined by the Bank to be required to be rebated to the United States of America under the Code.

(12) "Financial Advisor" shall mean Western Financial Group, LLC.

(13) "Letter of Representations" shall mean the Blanket Issuer Letter of Representations dated May 2, 1995 from the Bank to Depository Trust Company, a

copy of which is attached hereto as Exhibit A, and the operational arrangements referred to therein.

(14) "Loan Agreement" shall mean, collectively, the agreements (a) by and between the Bank and the City and Borough of Sitka, Alaska, (b) by and between the Bank and the City and Borough of Juneau, Alaska, (c) by and between the Bank and the Lake and Peninsula Borough, Alaska, and (d) by and between the Bank and the City of King Cove, Alaska, each pertaining to the repayment of a Loan to the Governmental Unit as provided for herein.

(15) "Record Date" shall mean fifteen days preceding each interest payment date with respect to the 2013 Series Three Bonds.

(16) "Underwriter" shall mean RBC Capital Markets, LLC, together with any other financial institution authorized by the Bank.

(17) "2013 Series Three Bonds" shall mean the Bonds authorized by Article II hereof.

ARTICLE II AUTHORIZATION OF 2013 SERIES THREE BONDS

Section 201 - Principal Amount, Designation and Series.

Pursuant to the provisions of the Resolution, a series of Bonds designated as "Alaska Municipal Bond Bank General Obligation Bonds, 2013 Series Three" is hereby authorized to be issued in the aggregate principal (par) amount of not to exceed \$80,000,000. The Executive Director is hereby authorized to change the designation to allow for the sale of the 2013 Series Three Bonds to be combined and sold with other Bonds authorized by a Series Resolution and approved by the Board of Directors of the Bank.

Section 202 - Purposes.

The purposes for which the 2013 Series Three Bonds are being issued are (i) making Loans to the Governmental Units to the extent and in the manner provided in Article III, and (ii) making a deposit, if any, in the Reserve Fund as provided in Article III of this 2013 Series Three Resolution.

Section 203 - Date, Maturities and Interest Rates.

The 2013 Series Three Bonds shall be dated the date the 2013 Series Three Bonds are delivered to the Underwriters. Subject to adjustment as provided for in this

Section 203, the 2013 Series Three Bonds shall mature, or have Sinking Fund Installments due, on the 1st day of November in the respective principal amounts as set forth below:

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Maturity (November 1)</u>	<u>Principal Amount</u>
2014	\$1,495,000	2031	\$3,375,000
2015	1,575,000	2032	3,545,000
2016	1,600,000	2033	3,725,000
2017	1,645,000	2034	2,300,000
2018	1,700,000	2035	2,415,000
2019	1,750,000	2036	2,535,000
2020	1,820,000	2037	2,655,000
2021	1,830,000	2038	2,800,000
2022	1,900,000	2039	2,790,000
2023	1,980,000	2040	2,930,000
2024	1,060,000	2041	3,075,000
2025	1,110,000	2042	3,225,000
2026	1,165,000	2043	3,390,000
2027	1,225,000	2044	3,560,000
2028	1,285,000	2045	3,735,000
2029	1,350,000	2046	3,925,000
2030	1,415,000	2047	4,115,000

Notwithstanding the foregoing, the exact principal amount of each maturity, or the exact amount of each Sinking Fund Installment, the maturity dates, and the interest rates of the 2013 Series Three Bonds shall be fixed and determined by the Chairman or the Executive Director at the time the 2013 Series Three Bonds are sold pursuant to Section 210 hereof but subject to the limitations set forth in Section 201 hereof.

Section 204 - Interest Payments.

The 2013 Series Three Bonds shall bear interest from their dated date. The first interest payment date shall be May 1, 2014 (or such other date as may be fixed and determined by the Chairman or the Executive Director); thereafter, interest on the 2013 Series Three Bonds shall be payable on the 1st days of November and May (or such other months as may be fixed and determined by the Chairman or the Executive Director), computed on the basis of a 360-day year composed of twelve thirty-day months.

Section 205 - Denominations, Numbers and Other Designation.

The 2013 Series Three Bonds shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of the 2013 Series Three Bonds authorized herein. The 2013 Series Three Bonds shall be numbered serially with any additional designation that the Bank deems appropriate.

Section 206 - Securities Depository.

(1) The 2013 Series Three Bonds shall be registered initially in the name of "Cede & Co.," as nominee of Depository Trust Company ("DTC"), and shall be issued initially in the form of a single bond for each maturity in the amount of such maturity. Registered ownership of the 2013 Series Three Bonds or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository or such substitute depository's successor; or (iii) to any person as provided in paragraph (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Bank that it is no longer in the best interest of Beneficial Owners to continue the system of book-entry transfers through DTC or its successors (or any substitute depository or its successor), the Bank may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of paragraph (1) above, the Trustee shall, upon receipt of all Outstanding 2013 Series Three Bonds, together with a written request of an Authorized Officer and a supply of new 2013 Series Three Bonds authenticate a single new 2013 Series Three Bond for each maturity of 2013 Series Three Bonds then Outstanding, registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Bank determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, the ownership of 2013 Series Three Bonds may then be transferred to any person or entity as provided in the Resolution and such 2013 Series Three Bonds shall no longer be held in book-entry form. An Authorized Officer shall deliver a written request to the Trustee to issue 2013 Series Three Bonds as provided in the Resolution in any authorized denomination,

together with a supply of definitive Bonds. Upon receipt of all then Outstanding 2013 Series Three Bonds by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2013 Series Three Bonds shall be issued and authenticated in such denominations and registered in the names of such persons as are requested in such written request.

(5) For so long as the 2013 Series Three Bonds are held in book-entry form under this Section, the Bank and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2013 Series Three Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2013 Series Three Bonds, selecting such 2013 Series Three Bonds, or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution (except as otherwise provided pursuant to Section 508 or this 2013 Series Three Resolution), registering the transfer of such 2013 Series Three Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Bank nor the Trustee shall be affected by any notice to the contrary. Neither the Bank nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2013 Series Three Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner, with respect to the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any Depository Trust Company Participant of any amount in respect of the principal or Redemption Price of or interest on the 2013 Series Three Bonds, any notice which is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any Depository Trust Company Participant of any person to receive payment in the event of a partial redemption of the 2013 Series Three Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from money available under the Resolution all principal and Redemption Price of and interest on 2013 Series Three Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Bank's obligations with respect to the principal or Redemption Price of and interest on the 2013 Series Three Bonds to the extent of the sum or sums so paid.

Section 207 - Places and Manner of Payment.

For so long as all Outstanding 2013 Series Three Bonds are registered in the name of Cede & Co. or its registered assigns, payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time. (Details regarding the current DTC Book-Entry-Only Issuance practices are included in Exhibit A attached hereto.) In the event that the 2013 Series Three Bonds are no longer registered in the name of Cede & Co. or its registered assigns, (i) payment of interest on the 2013 Series

Three Bonds will be made by check or draft mailed by first class mail to the registered owner, at the address appearing on the bond register on the Record Date of the Bank kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2013 Series Three Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal of the 2013 Series Three Bonds will be payable at the corporate trust office of the Trustee upon surrender of the 2013 Series Three Bonds representing such principal. Both principal of and interest on the 2013 Series Three Bonds are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Section 208 - Optional Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to determine the optional redemption provisions, if any, for the 2013 Series Three Bonds and shall cause any such provisions to be included in the form of the 2013 Series Three Bonds.

Section 209 - Mandatory Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to determine the mandatory redemption provisions, if any, for the 2013 Series Three Bonds and shall cause any such provisions to be included in the Bond Purchase Contract and the form of the 2013 Series Three Bonds.

Section 210 - Sale of 2013 Series Three Bonds.

The 2013 Series Three Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract. The Chairman or the Executive Director are, and each of them is, hereby authorized to execute the Bond Purchase Contract with the Underwriter regarding the sale of the 2013 Series Three Bonds upon his approval of the sale details of the 2013 Series Three Bonds, including, but not limited to, whether the 2013 Series Three Bonds shall be issued, the dated date and the delivery date of the 2013 Series Three Bonds, the aggregate principal (par) amount of the purchase price of the 2013 Series Three Bonds, the maturity and the interest payment dates of the 2013 Series Three Bonds, and the redemption provisions and interest rate of each maturity of the 2013 Series Three Bonds. Provided, however, the aggregate principal amount of the 2013 Series Three Bonds shall not exceed Eighty Million and No/100 Dollars (\$80,000,000.00), the true interest cost on the 2013 Series Three Bonds shall not exceed five percent (5%), and the Underwriter's discount shall not exceed three-quarters of one percent (.75%) of the par value of the 2013 Series

Three Bonds. Additionally, prior to execution of the Bond Purchase Contract, the Chairman or the Executive Director, with the assistance of the Bank's Financial Advisor, shall take into account those factors which, in their judgment, will result in the lowest true interest cost on the 2013 Series Three Bonds.

The authority granted to the Chairman and the Executive Director under this Section 210 shall expire 120 days from the date of approval of this 2013 Series Three Resolution.

Section 211 - Official Statement.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the final form of, and the distribution to prospective purchasers and other interested persons of, the preliminary Official Statement of the Bank for the 2013 Series Three Bonds in the form submitted to and part of the records of the meeting, with such changes as the Chairman or the Executive Director shall deem advisable. The Chairman and the Executive Director are hereby further authorized to approve the final form of the Official Statement. The distribution of the preliminary Official Statement and the Official Statement, as approved by the Chairman or the Executive Director, in connection with the offering of the 2013 Series Three Bonds is hereby ratified, confirmed and approved.

There is hereby delegated to the Chairman or the Executive Director the power to deem the preliminary Official Statement final on behalf of the Bank for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

ARTICLE III DISPOSITION OF BOND PROCEEDS

Section 301 - Disposition of Proceeds For Loan Purposes.

Upon the delivery of the 2013 Series Three Bonds the Bank shall, in accordance with Article V of the Resolution, apply a portion of the proceeds derived from the sale of the 2013 Series Three Bonds to the making of a (i) Loan to the City and Borough of Sitka, Alaska, in the principal amount not to exceed \$44,970,000, to be used to finance certain electric utility capital improvements; (ii) Loan to the City and Borough of Juneau, Alaska, in the principal amount not to exceed \$8,100,000, to be used to finance educational capital improvements; (iii) Loan to the City of King Cove, Alaska, in the principal amount not to exceed \$2,305,000 to be used to finance, and refinance, hydroelectric capital improvements; and (iv) Loan to the Lake and Peninsula Borough, Alaska, in the principal amount not to exceed \$20,000,000 to be used to finance educational capital improvements.

Section 302 - Reserve Fund Deposit.

On the date of sale, but subject to Section 201 hereof, the Chairman or the Executive Director shall determine whether it is in the best interest of the Bank to use cash or proceeds from the 2013 Series Three Bonds for purposes of making a deposit into the Reserve Fund, which amount, together with other available funds, if any, will be the amount necessary to make the total amount in the Reserve Fund equal to the Required Debt Service Reserve upon delivery of the 2013 Series Three Bonds.

Section 303 - Disposition of Remainder of Bond Proceeds.

The balance of the proceeds of the sale of the 2013 Series Three Bonds representing any premium received over the principal amount of the 2013 Series Three Bonds after deducting the amounts to be paid for costs of issuing the 2013 Series Three Bonds, amounts necessary to ensure the deposit to the Reserve Fund equals the Required Debt Service Reserve, and after deducting the amount allocable to the Reserve Obligations, if any, which amount shall be deposited in the Reserve Fund, shall be deposited with the Governmental Units and applied towards costs of issuance and debt service payments due and owing on their respective Municipal Bonds (as such term is defined in the Loan Agreement) or any other permitted purpose.

ARTICLE IV
EXECUTION AND FORM OF 2013 SERIES THREE BONDS

Section 401 - Execution and Form of 2013 Series Three Bonds.

The 2013 Series Three Bonds shall be executed in the manner set forth in Section 303 of the Resolution. Subject to the provisions of the Resolution, the 2013 Series Three Bonds, and the Trustee's certificate of authentication, shall be of substantially the following form and tenor:

ALASKA MUNICIPAL BOND BANK
GENERAL OBLIGATION BONDS, 2013 SERIES THREE

INTEREST RATE: _____% MATURITY DATE: _____, 20____ CUSIP NO.: _____

Registered Owner: CEDE & Co.

Principal Amount: _____ and No/100 Dollars

Alaska Municipal Bond Bank (herein called the "Bank"), a public body corporate and politic, constituted as an instrumentality of the State of Alaska, organized and

existing under and pursuant to the laws of the State of Alaska, acknowledges itself indebted to, and for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum specified above on the Maturity Date specified above, and to pay to the registered owner hereof interest on such principal sum from the date hereof to the date of maturity of this Bond at the rate per annum specified above, payable _____ 1, 2014, and semi-annually on the 1st day of _____ and on the 1st day of _____ thereafter. For so long as this Bond is held in book-entry form, payment of principal and interest shall be made by wire transfer to the registered owner pursuant to written instructions furnished to The Bank of New York Mellon Trust Company, N.A., in Seattle, Washington, as Trustee under the General Bond Resolution of the Bank, adopted July 13, 2005, as amended August 19, 2009 (herein called the "Resolution"), or its successor as Trustee (herein called the "Trustee"). In the event that this Bond is no longer held in book-entry form, (i) payment of interest will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Bank kept by the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2013 Series Three Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal will be payable upon presentation and surrender hereof at the corporate trust office of the Trustee. Interest shall be computed on the basis of a 360-day year composed of twelve thirty-day months. Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is a general obligation of the Bank and is one of a duly authorized issue of Bonds of the Bank designated "Alaska Municipal Bond Bank Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the Alaska Municipal Bond Bank Act, constituting Chapter 85, Title 44, of the Alaska Statutes (herein called the "Act"), and under and pursuant to the Resolution and a series resolution authorizing each such series. As provided in the Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution and the Act, and all Bonds issued and to be issued under said Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

This Bond is one of a series of Bonds (the "2013 Series Three Bonds") issued in the aggregate principal amount of \$_____ under the Resolution of the Bank and a series resolution of the Bank, adopted August __, 2013, and entitled: "A Series

Resolution Authorizing the Issuance of General Obligation Bonds, 2013 Series Three, of the Alaska Municipal Bond Bank" (said resolutions being herein collectively called the "Resolutions"). Copies of the Resolutions are on file at the office of the Bank and at the corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 2013 Series Three Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2013 Series Three Bonds with respect thereto; and the terms and conditions upon which the Bonds are issued and may be issued thereunder; to all of the provisions of which the registered owner of this Bond, by acceptance of this Bond, consents and agrees. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Bank, with the written consent of the registered owners of at least two-thirds in principal amount of the Bonds then outstanding and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the registered owners of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding.

The 2013 Series Three Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2013 Series Three Bonds maturing on and after _____ 1, 20__, are subject to redemption on or after _____ 1, 20__, at the option of the Bank at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

Unless previously redeemed pursuant to the foregoing optional redemption provisions, the 2013 Series Three Bonds maturing on _____ 1, 20__ (the "Term Bonds") are subject to redemption on _____ 1 of the following years and in the following principal amounts at 100% of the principal amount of the 2013 Series Three Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Term Bonds Due _____ 1, 20__

<u>Year</u>	<u>Sinking Fund Requirement</u>
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Notice of redemption will be mailed to owners of 2013 Series Three Bonds called for redemption not less than 30 days nor more than 60 days before the redemption date. Interest on any 2013 Series Three Bonds called for redemption will cease on the redemption date.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Bank kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered 2013 Series Three Bond or Bonds in the same aggregate principal amount and of the same maturity, in authorized denominations, shall be issued to the transferee in exchange therefor as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed.

The 2013 Series Three Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2013 Series Three Bonds maturing in the year of maturity of the Bond for which the denomination of the Bond is to be specified. Subject to such conditions and upon payment of such charges, if any, 2013 Series Three 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 its attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered 2013 Series Three Bonds of any other authorized denominations, of the same maturity.

The Bank is obligated to pay the principal of and interest on the 2013 Series Three Bonds only from revenues or funds of the Bank, and the State of Alaska is not obligated to pay such principal of or interest on the 2013 Series Three Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged to the payment of the principal of or the interest on the 2013 Series Three Bonds.

This Bond is fully negotiable for all purposes of the Uniform Commercial Code, and each owner of this Bond by accepting this Bond shall be conclusively considered to have agreed that this Bond is fully negotiable for those purposes.

Neither a member of the Bank nor any person executing the 2013 Series Three Bonds shall be liable personally on the 2013 Series Three Bonds by reason of the issuance thereof.

This Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

The Bank modified the Resolution, effective on the date when all Bonds issued prior to February 19, 2013 cease to be Outstanding, by: (i) authorizing the Trustee to release to the 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) requiring the Trustee to withdraw earnings and profits realized in the Reserve Fund, and to provide such amounts to the Bank on or before June 30 of each year so long as the balance therein equals the Required Debt Service Reserve; (iii) authorizing certain amendments and modifications to the Resolution effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding; and (iv) providing that an underwriter or purchaser of a Series of Bonds may consent to a modification of, or amendment to, the Resolution as Holder of such Bonds at the time such Bonds are issued.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Alaska and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 2013 Series Three Bonds, together with all other indebtedness of the Bank, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Alaska Municipal Bond Bank has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Executive Director all as of the _____ day of _____ 2013.

ALASKA MUNICIPAL BOND BANK

[S E A L]

Chairman

A T T E S T:

Executive Director

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 2013 Series Three Bonds of the Alaska Municipal Bond Bank.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

Date of Authentication:

Authorized Officer

ARTICLE V MISCELLANEOUS

Section 501 - Paying Agent.

The Bank of New York Mellon Trust Company, N.A., Seattle, Washington, or its successor, is appointed paying agent for the 2013 Series Three Bonds.

Section 502 - Arbitrage Rebate.

Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of the 2013 Series Three 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 Bank shall determine the Excess Investment Earnings and pay rebate amounts due the United States of America with respect thereto, as provided in Section 148(f) of the Code and the applicable Income Tax Regulations.

Section 503 - 2013 Series Three Debt Service Account.

There is hereby established as a special account in the Debt Service Fund the "2013 Series Three Debt Service Account," for the purpose of receiving amounts in the Debt Service Fund allocable to the 2013 Series Three Bonds. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the 2013 Series Three Debt Service Account.

Section 504 - Tax Exemption and General Tax Covenant.

The Bank intends that interest on the 2013 Series Three Bonds shall be excludable from gross income for federal income tax purposes pursuant to Section 103

and 141 through 150 of the Code, and the applicable regulations. The Bank covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the 2013 Series Three Bonds to be included in gross income, as defined in Section 61 of the Code, for federal income tax purposes.

Section 505 - Arbitrage Covenant.

The Bank shall make no use or investment of the gross proceeds of the 2013 Series Three Bonds which will cause the 2013 Series Three Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. The Bank hereby covenants that so long as any of the 2013 Series Three Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2013 Series Three Bonds, shall comply with all requirements of said Section 148 and of all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

Section 506 - Resolution Clarification.

It shall hereby be clarified that the Resolution, at Section 919, shall only apply to Bonds issued on a tax-exempt basis.

Section 507 - Loan Agreement.

The Chairman and the Executive Director are each hereby authorized to execute the Loan Agreement between the Bank and the herein referred to Governmental Units, in a form similar to the form submitted to and part of the records of the meeting of August 28, 2013, with such changes as the Chairman or the Executive Director shall deem advisable.

Section 508 - Continuing Disclosure.

The Bank hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate attached hereto as Exhibit B. Notwithstanding any other provision of this 2013 Series Three Resolution, failure of the Bank to comply with the Continuing Disclosure Certificate shall not be considered a default of the Bank's obligations under this 2013 Series Three Resolution, the Resolution or the 2013 Series Three Bonds; however, the Beneficial Owner of any Bond may bring an action for specific performance, to cause the Bank to comply with its obligations under this Section.

Section 509 - Chairman and Executive Director.

The Chairman and the Executive Director are each hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this 2013 Series Three Resolution and to effectuate the issuance and delivery of the 2013 Series Three Bonds, including execution of the Bond Purchase Contract. The authority granted in this Section 509 to the Chairman and the Executive Director includes authorization to solicit commitments for a policy of insurance with respect to payment of the interest on and principal of the Bonds and thereafter to accept such commitment which is in the best interest of the Bank and enter into such agreement with the bond insurer as shall be in the best interests of the Bank.

Section 510 - Effective Date.

This 2013 Series Three Resolution shall take effect immediately on the date hereof (August 28, 2013).

EXHIBIT A

BLANKET ISSUER LETTER OF REPRESENTATIONS

Blanket Issuer Letter of Representations
[To be Completed by Issuer]

ALASKA MUNICIPAL BOND BANK
(Name of Issuer)

May 2, 1995
(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

ALASKA MUNICIPAL BOND BANK
(Issuer)

By: Norman J. Levesque
(Authorized Officer's Signature)
NORMAN J. LEVESQUE
Executive Director

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: James G. Heavey

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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 Standard & Poor's rating 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 Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

EXHIBIT B

CONTINUING DISCLOSURE CERTIFICATE

Alaska Municipal Bond Bank (the "Issuer") executes and delivers this Continuing Disclosure Certificate (the "Disclosure Certificate") in connection with the issuance of \$_____ Alaska Municipal Bond Bank General Obligation Bonds, 2013 Series Three (the "Bonds"). The Bonds are being issued under the General 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. 2013-04 adopted on August __, 2013 (the "Series Resolution," and together with the General Bond Resolution, the "Resolutions"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. The Issuer is executing and delivering this Disclosure Certificate for the benefit of the Beneficial Owners of the Bonds, and to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 of this Disclosure Certificate.

"Fiscal Year" means the fiscal year of the Issuer (currently the 12-month period ending June 30), as such fiscal year may be changed from time to time as required by State law.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

Section 3. Provision of Annual Reports and Financial Statements. Commencing with its Fiscal Year ending June 30, 2014, the Issuer will provide to the MSRB, in a format as prescribed by the Rule:

(a) Not later than 210 days after the end of each Fiscal Year, an Annual Report for the Fiscal Year. The Annual Report shall contain or incorporate by reference: (i) annual audited financial statements of the Issuer; (ii) a statement of authorized, issued and outstanding bonded debt of the Issuer; (iii) the Reserve Fund balance and the estimated Required Debt Service Reserve under the Resolutions; and (iv) for each of the Governmental Units that has outstanding with the Issuer an amount of Bonds equal to or greater than ten percent (10%) of all Outstanding Bonds under the General Bond Resolution as of the last day of the Fiscal Year of the Issuer, statistics regarding such Governmental Units similar to those found in Appendix ___ to the Official Statement. Any or all of these items may be included by specific reference to documents available to the public or the internet website of the MSRB or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference. The Annual Report may be submitted as a single document or as separate documents comprising a package, provided that audited financial statements may be submitted separately from the remainder of the Annual Report.

(b) Not later than 120 days after the end of each Fiscal Year, the Issuer will notify each Governmental Unit, who has, or had, an amount of Bonds equal to or greater than ten percent of all Bonds Outstanding under the General Bond Resolution, of its continuing disclosure undertaking responsibility. A list of Governmental Units deemed Obligated Persons for the prior Fiscal Year will be included in the Annual Report.

Section 4. Notice of Failure to Provide Information. The Issuer shall provide in a timely manner to the MSRB notice of any failure to satisfy the requirements of Section 3 of this Disclosure Certificate.

Section 5. Reporting of Significant Events. (a) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds which include (i) the issuance by the Internal Revenue Service ("IRS") of proposed or final determinations of taxability, (ii) Notices of Proposed Issues (IRS Form 5701-TEB), (iii) other material notices or determinations with respect to the Bonds, and (iv) other events affecting the tax status of the Bonds.

(6) Defeasances.

(7) Rating changes.

(8) Tender offers.

(9) Bankruptcy, insolvency, receivership or similar proceeding by the Issuer or "obligated person."

(b) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event, if material:

(1) Nonpayment-related defaults.

(2) Modifications to rights of holders of the Bonds.

(3) Bond calls, other than mandatory, scheduled redemptions not otherwise contingent on the occurrence of an event.

(4) Release, substitution or sale of property securing repayment of the Bonds.

(5) 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 Issuer 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.

(6) Appointment of a successor or additional trustee or the change in name of the trustee for the Bonds.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, provided that the amendment meets each of the following conditions:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer;

(b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule as of the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances;

(c) The Issuer obtains an opinion of counsel unaffiliated with the Issuer that the amendment does not materially impair the interests of the Beneficial Owners of the Bonds; and

(d) The Issuer notifies and provides the MSRB with copies of the opinions and amendments.

Any such amendment may be adopted without the consent of any Beneficial Owner of any of the Bonds, notwithstanding any other provision of this Disclosure Certificate or the Resolutions.

The first Annual Report containing amended operating data or financial information pursuant to an amendment of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

Section 8. Filing Alternative. Any filing required under the terms of this Disclosure Certificate may be made solely by transmitting such filing to the Electronic Municipal Market Access as provided at <http://www.emma.msrb.org>, or in such other manner as may be permitted from time to time by the Securities Exchange Commission.

Section 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Beneficial Owner may take such actions as may be necessary and appropriate, including an action to compel specific performance,

to cause the Issuer to comply with its obligations under this Disclosure Certificate. No failure to comply with any provision of this Disclosure Certificate shall be deemed an Event of Default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel specific performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Trustee, the Participating Underwriter and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 11. Prior Compliance. The Issuer is in compliance with all of its prior undertakings pursuant to the Rule.

DATED this ____ day of _____ 2013.

ALASKA MUNICIPAL BOND BANK

DEVEN J. MITCHELL
Executive Director

**FORM OF
LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated as of the ___ day of November 2013, between the Alaska Municipal Bond Bank (the "Bank"), a body corporate and politic constituted as an instrumentality of the State of Alaska (the "State") exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the "Act"), having its principal place of business at Juneau, Alaska, and the [City] [Borough], Alaska, a duly constituted _____ [City] [Borough] of the State (the "[City] [Borough]"):

W I T N E S S E T H:

WHEREAS, pursuant to the Act, the Bank is authorized to make loans of money (the "Loan" or "Loans") to governmental units; and

WHEREAS, the [City] [Borough] is a Governmental Unit as defined in the General Bond Resolution of the Bank hereinafter mentioned and pursuant to the Act is authorized to accept a Loan from the Bank to be evidenced by its municipal bonds; and

WHEREAS, the [City] [Borough] desires to borrow money from the Bank in the amount of not to exceed \$_____ and has submitted an application to the Bank for a Loan in the amount of not to exceed \$_____, and the [City] [Borough] has duly authorized the issuance of its fully registered bond in the aggregate principal amount of \$_____ (the "Municipal Bond"), which bond is to be purchased by the Bank as evidence of the Loan in accordance with this Loan Agreement; and

WHEREAS, the application of the [City] [Borough] contains the information requested by the Bank; and

WHEREAS, to provide for the issuance of bonds of the Bank in order to obtain from time to time money with which to make Loans, the Bank has adopted the General Obligation Bond Resolution on July 13, 2005, as amended August 19, 2009 (the "General Bond Resolution") and Series Resolution No. 2013-04, approved on August __, 2013 (together with the General Bond Resolution, the "Bond Resolution"), authorizing the making of such Loan to the [City] [Borough] and the purchase of the Municipal Bond; and

WHEREAS, the Board approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding.

NOW, THEREFORE, the parties agree:

1. The Bank hereby makes the Loan and the [City] [Borough] accepts the Loan in the aggregate principal amount of \$_____. As evidence of the Loan made to the [City] [Borough] and such money borrowed from the Bank by the [City] [Borough], the [City] [Borough] hereby sells to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A appended hereto. For purposes of this Loan Agreement, the interest on the Municipal Bond will be computed without regard to the provision in Section 7 hereof for the [City] [Borough] to make funds available to the Trustee acting under the General Bond Resolution for the payment of principal and interest due at least seven (7) business days prior to each respective principal and interest payment date.

2. The [City] [Borough] represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. _____, adopted on _____, 20__ (the "[City] [Borough] [Ordinance] [Resolution]"), and has taken or will take all proceedings required by law to enable it to enter into this Loan Agreement and issue its Municipal Bond to the Bank and that the Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, a special and limited obligation] of the [City] [Borough], all duly authorized by the [City] [Borough] [Ordinance] [Resolution].

3. Subject to any applicable legal limitations, the amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing interest due on its Municipal Bond (the "Municipal Bond Interest Payments") shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the "Loan Obligations") and shall be paid by the [City] [Borough] at least seven (7) business days before the interest payment date so as to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

4. The amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing principal due on its Municipal Bond (the "Municipal Bond Principal Payments"), shall be paid at least seven (7) business days before the payment date stated in the Municipal Bond so as to provide funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A appended hereto.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the [City] [Borough] pursuant to this Loan Agreement are not made available at any time specified herein, the [City] [Borough] agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the

Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the [City] [Borough], as provided in the Act.

6. In the event Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the [City] [Borough] on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the [City] [Borough] on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank's refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of Loan Obligations, the Bank shall present to the [City] [Borough] for the [City's] [Borough's] approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the [City] [Borough] the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

7. The [City] [Borough] is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the [City] [Borough] shall be in an amount sufficient, together with the [City's] [Borough's] Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific 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 Section 606 of the General Bond Resolution:

(a) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The [City's] [Borough's] Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used

determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

8. The [City] [Borough] is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) business days prior to the date indicated on Exhibit A appended hereto, and thereafter on the anniversary thereof each year. The [City] [Borough] is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) business days prior to the date indicated on Exhibit A appended hereto, and to pay any Fees and Charges imposed by the Bank within 30 days of receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the [City] [Borough] shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the applicable premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The [City] [Borough] shall give the Bank at least 50 days' notice of intention to redeem its Municipal Bond.

In the event the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the [City] [Borough] 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 Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the [City] [Borough] 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.

In the event the Loan Obligations have been refunded, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (iii)

above, when the refunded Loan Obligations are to be redeemed, shall be the applicable premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the [City] [Borough] from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of the Loan Obligations.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the [City] [Borough] shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding [general obligation] [special and limited obligation] of the [City] [Borough], secured by the [full faith and credit] [revenue of the _____] of the [City] [Borough].

11. Invoices for payments under this Loan Agreement shall be addressed to the [City] [Borough], Attention: _____, _____, _____, Alaska 99____. The [City] [Borough] shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' written notice of any change in such address.

12. [The [City] [Borough] hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$_____) which secures payment of principal and interest on its Municipal Bond, that such fund shall be held in the name of the [City] [Borough] with the Trustee, and that the yield on amounts held in such fund shall be restricted to a yield not in excess of _____ percent. **(Applies to revenue bonds only.)**

13. [Rate covenant language – if applicable.]

14. The [City] [Borough] hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the [City's] [Borough's] record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The [City] [Borough] agrees that all records required by the preceding sentence shall be made available to the Bond Bank upon request.

15. Prior to payment of the amount of the Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation, warranty or other statement made by the [City] [Borough] to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

(b) The [City] [Borough] has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the [City] [Borough] has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 20__ Series _____ (the "20__ Series _____ Bonds") and receipt of the proceeds thereof.

17. The [City] [Borough] agrees that it will provide the Bank with written notice of any default in covenants under the [City] [Borough] [Ordinance] [Resolution] within 30 days from the date thereof.

18. The [City] [Borough] shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

The [City] [Borough] shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The [City] [Borough] shall make no use or investment of the proceeds of the Municipal Bond which will cause the Municipal Bond to be an "arbitrage bond" under Section 148 of the Code. So long as the Municipal Bond is outstanding, the [City] [Borough], shall comply with all requirements of said Section 148 and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The [City] [Borough] shall indemnify and hold harmless the Bank from any obligation of the [City] [Borough] to make rebate payments to the United States under said Section 148 arising from the [City's] [Borough's] use or investment of the proceeds of the Municipal Bond.

19. The [City] [Borough] agrees that if it is one of the Governmental Units that has a ten percent or greater amount of outstanding bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement for

purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934, and provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D, under the heading "Summaries of Borrowers Representing 10% or More of Outstanding Principal of Bonds Issued Under the 2005 General Bond Resolution," to the Official Statement and attached hereto as Exhibit B.

20. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

21. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

22. No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

23. In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution.

24. This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement the day and year first above written.

ALASKA MUNICIPAL BOND BANK

By: _____
DEVEN J. MITCHELL
Executive Director

[CITY] [BOROUGH] OF _____,
ALASKA

By: _____

Its: _____

EXHIBIT A

\$ _____
[City] [Borough], Alaska
[General Obligation] [Revenue] Bond, 20__[__]
("Municipal Bond")

<u>Due</u> _____ 1	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
-----------------------	-----------------------------------	--------------------------------

Principal installments shall be payable on _____ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on _____ 1, 20__, and thereafter on _____ 1 and _____ 1 of each year.

Prepayment Provisions: The Municipal Bond is not subject to prepayment prior to maturity.

Optional Prepayment: The Municipal Bond principal payments due on or after _____ 1, 20__ are subject to prepayment in whole or in part at the option of the [City] [Borough] on any date on or after _____ 1, 20__, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

EXHIBIT B

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 OCTOBER 16, 2013

New Issue
Book-Entry Only

Fitch Rating: ____
Moody's Rating: ____
(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 2013 Series Three Bonds is excludable from gross income of owners thereof for federal income tax purposes. Interest on the 2013 Series Three Bonds is not treated as a tax preference item for purposes of either the individual or corporate alternative minimum tax. However, interest on the 2013 Series Three 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.

\$73,825,000*

Alaska Municipal Bond Bank General Obligation Bonds, 2013 Series Three

Dated: Date of Delivery

Due: As shown on inside cover

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing \$73,825,000* principal amount of General Obligation, 2013 Series Three (Tax-Exempt Governmental Purpose) (the "2013 Series Three Bonds"). The 2013 Series Three Bonds initially will be issued as fully registered bonds, in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will serve as depository for the 2013 Series Three Bonds. Individual purchases of the 2013 Series Three Bonds will be made in principal amounts of \$5,000 or integral multiples thereof within a single maturity. Purchasers of the 2013 Series Three Bonds will not receive certificates representing their beneficial ownership interests in the 2013 Series Three Bonds. Interest on the 2013 Series Three Bonds will accrue from the date of delivery of the 2013 Series Three Bonds, or from the most recent interest payment date to which interest has been paid, and is payable on each May 1 and November 1, commencing May 1, 2014.

The Bank of New York Mellon Trust Company, N.A., of Seattle, Washington, as the Trustee and Paying Agent for the 2013 Series Three Bonds, will make principal and interest payments to DTC. Disbursement of such payments to DTC's 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 2013 SERIES THREE BONDS" and "APPENDIX G – DTC AND BOOK-ENTRY SYSTEM."

The 2013 Series Three Bonds are subject to redemption prior to their stated maturity dates. See "DESCRIPTION OF THE 2013 SERIES THREE BONDS – Optional Redemption, – Mandatory Redemption."

The 2013 Series Three 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 2013 Series Three Bonds. The 2013 Series Three 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 2013 Series Three Bonds are the twenty-seventh series of Bonds issued under the 2005 General Obligation Bond Resolution.

The 2013 Series Three Bonds do not constitute a debt or other liability of the State of Alaska, and the 2013 Series Three 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 2013 Series Three Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2013 Series Three Bonds. The Bond Bank has no taxing power. See "SECURITY FOR THE 2013 SERIES THREE BONDS."

The 2013 Series Three Bonds are offered when, as and if issued, subject to the approving legal opinion of Wohlforth, Brecht, Cartledge & Brooking of Anchorage, Alaska, Bond Counsel. Certain legal matters will be passed upon for the Governmental Units by their respective bond counsel and for the Underwriters by their counsel, Foster Pepper PLLC of Seattle, Washington. It is expected that the 2013 Series Three 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 November 14, 2013.

RBC Capital Markets

* - Preliminary, subject to change.

\$73,825,000*
Alaska Municipal Bond Bank
General Obligation Bonds
2013 Series Three
(Tax-Exempt Governmental Purpose)

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Due November 1	Amounts	Interest Rate	Yield	CUSIP Number⁽¹⁾ 011798	Due November 1	Amounts	Interest Rate	Yield	CUSIP Number⁽¹⁾ 011798
2014					2031				
2015					2032				
2016					2033				
2017					2034				
2018					2035				
2019					2036				
2020					2037				
2021					2038				
2022					2039				
2023					2040				
2024					2041				
2025					2042				
2026					2043				
2027					2044				
2028					2045				
2029					2046				
2030					2047				

\$ _____ % Term Bond due November 1, 20__; Yield ____%
 CUSIP Number⁽¹⁾ 011798 ____

* Preliminary, subject to change.

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This Official Statement is furnished by the Bond Bank to provide information regarding the sale of the 2013 Series Three 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 2013 Series Three Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information set forth in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

UPON ISSUANCE, THE 2013 SERIES THREE 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 2013 SERIES THREE 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 Gurse - Member
Susan Bell - Member
(Ted Leonard - First Delegate to Susan Bell)
Angela Rodell - Member
(_____ - First Delegate to Angela Rodell)

Executive Director

Deven J. Mitchell

Bond Counsel

Wohlforth, Brecht, Cartledge & Brooking
Anchorage, Alaska

Trustee

The Bank of New York Mellon Trust Company, N.A.
Seattle, Washington

Financial 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 STATEMENT

\$73,825,000*

ALASKA MUNICIPAL BOND BANK GENERAL OBLIGATION BONDS 2013 SERIES THREE

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 \$73,825,000* principal amount of General Obligation Bonds, 2013 Series Three (Tax-Exempt Governmental Purpose) (the “2013 Series Three 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 2013 Series Three 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 Resolution No. 2013-___, adopted by the Board of Directors of the Bond Bank on August 28, 2013 (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 2013 SERIES THREE BONDS

Authorization and Purpose

The 2013 Series Three Bonds are being issued pursuant to the terms of the Bond Resolution, and are the twenty-seventh series of Bonds issued under the 2005 General Bond Resolution.

The 2013 Series Three Bonds

The 2013 Series Three Bond proceeds is being used for the following purposes: (i) to make four loans to Governmental Units; and (ii) to pay a portion of the costs of issuance of the 2013 Series Three Bonds. A portion of the proceeds of the 2013 Series Three Bonds will be loaned: (a) to the City and Borough of Juneau to fund upgrades and renovations to Auke Bay Elementary School; (b) to the City of King Cove to fund improvements to the City’s hydroelectric system and to refund a prior loan from the United States Department of Agriculture; (c) to the Lake and Peninsula Borough for extensive renovations and additions to the Tanalian School, gymnasium and kitchen renovations to the Newhalen School and district-wide HVAC and energy efficiency upgrades; and (d) to the City and Borough of Sitka for improvements to the City and Borough’s hydroelectric system.

* - Preliminary, subject to change.

The table below presents the sources and uses of funds related to the 2013 Series Three Bonds.

Sources of Funds:

Par Amount of 2013 Series Three Bonds	\$
Net Original Issue Premium	
Alaska Municipal Bond Bank Contribution	_____.
Total Sources of Funds	\$

Uses of Funds:

Loan to the City and Borough of Juneau	
Loan to the City of King Cove	
Loan to the Lake and Peninsula Borough	
Loan to the City and Borough of Sitka	
Deposit to the Reserve Fund	
Costs of Issuance ¹	
Underwriters' Discount	_____.
Total Uses of Funds	\$

(1) Includes bond counsel, financial advisor, rating agencies and other Bond Bank and borrower costs of issuance.

DESCRIPTION OF THE 2013 SERIES THREE BONDS

General Description

The 2013 Series Three 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 2013 Series Three Bonds. Principal of and interest on the 2013 Series Three Bonds are payable by The Bank of New York Mellon Trust Company, N.A., of Seattle, Washington, 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.”

2013 Series Three Bonds

The 2013 Series Three Bonds mature on the dates and bear interest at the rates set forth on the inside cover page of this Official Statement. The 2013 Series Three 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 May 1, 2014, and semiannually thereafter on each November 1 and May 1 to their date of maturity or prior redemption, whichever may occur first.

Optional Redemption

The 2013 Series Three Bonds maturing on or after November 1, 2024 are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after November 1, 2023 at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption. The Governmental Units may prepay their loans on terms identical to the redemption provisions associated with the 2013 Series Three Bonds.

Mandatory Redemption

The 2013 Series Three Bonds maturing on November 1, 20__, are subject to mandatory sinking fund redemption on November 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	<u>Principal Amount</u>
November 1, 20__	
November 1, 20__*	

* Maturity

Notice of Redemption

At least 30 days, but not more than 60 days, prior to the date upon which any 2013 Series Three Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds for Redemption

If fewer than all of a subseries of the 2013 Series Three Bonds are to be optionally redeemed prior to maturity, the Bond Bank may select the maturity or maturities to be redeemed in accordance with terms of the 2005 General Bond Resolution. If, at the time notice of redemption is given the 2013 Series Three Bonds are in book-entry form, then DTC will select the 2013 Series Three 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 2013 SERIES THREE BONDS

General

The 2013 Series Three 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 2013 Series Three Bonds. **The 2013 Series Three Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2013 Series Three 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 2013 Series Three Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2013 Series Three Bonds. The Bond Bank has no taxing power.**

The 2013 Series Three Bonds are the twenty-seventh series of Bonds issued under the 2005 General Bond Resolution. As of October 1, 2013, not taking into account the issuance of the 2013 Series Three Bonds, the Bond Bank has outstanding \$60,740,000 of general obligation bonds issued under its 1976 General Bond Resolution, \$702,510,000 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.

Moral Obligation. As additional security for payment of principal of and interest on the 2013 Series Three Bonds and other Bonds issued under the 2005 General Bond Resolution, the Bond Bank has established a common Reserve Fund. See “SECURITY FOR THE 2013 SERIES THREE 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 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 September 30, 2013, the Reserve Fund value was approximately \$___ million (unaudited), an amount sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately 60% 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 cause, if necessary, amounts held in the Reserve Fund to equal the Reserve Fund Requirement. The appropriation, if secured, would be used to replenish the Reserve Fund in the event amounts held therein were used to pay debt service on Bonds. Since 2009, and continuing through fiscal year 2013, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary. 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, 2012, the Custodian Account cash and cash equivalents and investments at fair value balance (audited) was \$7,517,574. As of September 30, 2013 the Custodian Account market value balance (unaudited) was \$_____. The increase from the audited fiscal year 2012 figure reflects the transfer from the reserve fund associated with the 1976 General Bond Resolution to the Custodian Account. The transfer resulted from the diminished reserve requirement associated with the 1976 General Bond Resolution.

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. The statutory earnings transfer generated by activity in fiscal year 2011 and by statute due to the State’s general fund in fiscal year 2012 was \$86,814. The statutory earnings transfer generated by activity in fiscal year 2012 and by statute due to the State’s general fund in fiscal year 2013 was \$0. The statutory earnings transfer for 2011, and prospectively 2013, have been appropriated back to the Bond Bank in the State’s subsequent year’s operating budget. 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.

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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, _____. 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 Gursej - Member. Term expires July 15, 2014. Mr. Gursej was appointed to the Board on June 22, 2009. Mr. Gursej became President of Benefit Brokers, Inc. in 2001, after working as Vice President of Investments for Wedbush Morgan Securities for 11 years. Mr. Gursej 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. Gursej 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. Gursej 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.

Angela Rodell - Member. Ms. Rodell was appointed acting Commissioner of the Department of Revenue on August 7, 2013. Ms. Rodell joined the State of Alaska as Deputy Commissioner of the Department of Revenue in September 2011, and is responsible for the oversight of more than \$24 billion of State funds and more than \$20 billion of retirement assets. She has responsibility for portfolio management, cash management, debt management, unclaimed property, child support division and the permanent fund division. Ms. Rodell also serves as the ex officio board designee on a number of State boards including the Alaska Industrial Development and Export Authority, the Alaska Energy Authority, the Knik Arm Bridge & Toll Authority, the Alaska Student Loan Corporation, the Alaska Municipal Bond Bank Authority and the State Bond Committee. Formerly, Ms. Rodell served as financial advisor to more than \$30 billion of transactions for state and state authorities in Alaska, Arkansas, California, Illinois, New Jersey, New York, North Carolina, Rhode Island and Virginia. Transactions included general obligation, pension obligation, public power, tobacco securitization, single family housing, multifamily housing, military housing, toll road and transportation financing. Prior to becoming a financial advisor, Ms. Rodell served as the finance officer to Kentucky Housing Corporation. She has a Bachelor of Arts degree from Marquette University, Milwaukee, Wisconsin and a Master of Public Administration from the University of Kentucky, Lexington, Kentucky.

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. As of October 1, 2013, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2013 Series Three Bonds, was \$796,252,527.

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 October 1, 2013, the Bond Bank has issued \$721,985,000 of general obligation bonds under the 1976 General Bond Resolution, \$60,740,000 of which remain outstanding.

2005 General Bond Resolution

The 2013 Series Three Bonds are the twenty-seventh issue of Bonds under the 2005 General Bond Resolution. As of October 1, 2013, the Bond Bank has issued \$792,260,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2013 Series Three Bonds), \$702,510,000 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 ("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 October 1, 2013, 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 OCTOBER 1, 2013" 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 June 30, 2012, under the Coastal Energy Impact Loan Program was \$10,682,527, 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 October 1, 2013, the Bond Bank holds \$1,764,107 of City of Galena Utility Revenue Bonds and \$191,908 of City of Galena appropriation obligations in its financial portfolio. The Bond Bank also holds \$1,000,000 of Ketchikan Gateway Borough airport ferry revenue bonds in its financial portfolio.

Loans by the State of Alaska

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.

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TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF OCTOBER 1, 2013

		<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I.	Total 2005 General Bond Resolution G.O. Bonds ⁽¹⁾	\$866,085,000 ⁽¹⁾	\$776,335,000 ⁽¹⁾
II.	Total 1976 General Bond Resolution G.O. Bonds 60,740,000	721,985,000	
III.	Total 2010 Resolution G.O. Bonds	4,765,000	4,435,000
IV.	Revenue Bonds		
	2003B Resolution	19,000,000	13,500,000
	2004B Resolution	5,365,000	4,385,000
	<u>Municipal Borrower</u>		
	City of Valdez		
	Municipality of Anchorage		
V.	Coastal Energy Impact Loan Program	35,456,046	10,682,527

REMAINING DEBT CAPACITY AFTER THE ISSUANCE OF THE 2013 SERIES THREE BONDS

Debt Limit (Section 44.85.180 of the Act)		\$1,000,000,000 ⁽²⁾
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	\$60,740,000	
2010 Resolution	4,435,000	
2005 General Bond Resolution	776,335,000 ⁽¹⁾	\$841,510,000 ⁽¹⁾
Revenue Bonds		17,885,000
Coastal Energy Loan Program		<u>10,682,527</u>
Total Outstanding Debt		\$870,077,527 ⁽¹⁾
Remaining Debt Capacity		<u>\$129,922,473⁽¹⁾</u>

(1) Includes the 2013 Series Three Bonds. Preliminary, subject to change.

(2) The limit applies to all outstanding bonds or notes issued by the Bond Bank.

**DEBT SERVICE REQUIREMENTS OF
OUTSTANDING 2005 GENERAL BOND RESOLUTION
GENERAL OBLIGATION BONDS
AND THE 2013 SERIES THREE BONDS⁽¹⁾
(Fiscal Years Ending June 30)**

Fiscal Year	Existing Debt Service	2013 Series Three Principal	2013 Series Three Interest	Total Debt Service
2014	63,478,784	\$	\$	
2015	70,726,912			
2016	71,768,599			
2017	69,798,436			
2018	71,431,763			
2019	67,460,094			
2020	63,459,128			
2021	60,336,130			
2022	57,222,826			
2023	59,121,015			
2024	52,524,464			
2025	43,708,348			
2026	39,084,834			
2027	37,337,403			
2028	38,152,662			
2029	33,397,070			
2030	27,983,296			
2031	27,008,187			
2032	21,219,298			
2033	20,714,728			
2034	12,823,697			
2035	10,876,985			
2036	10,887,381			
2037	6,544,214			
2038	6,260,235			
2039	4,647,978			
2040	3,273,250			
2041	3,272,500			
2042	3,276,250			
2043	3,274,000			
2044	3,275,750			
2045	3,276,000			
2046	3,274,500			
2047	3,276,000			
2048				
	\$1,074,172,717			

(1) Totals may not foot due to rounding. The 2013 Series Three Bonds are the twenty-seventh 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 Government 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 will be 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 2013 Series Three Bonds and govern the rights and obligations of the Holders thereof.

LITIGATION

Upon the delivery of the 2013 Series Three 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 2013 Series Three Bonds, or in any way contesting the validity or enforceability of the 2013 Series Three 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 2013 Series Three Bonds are subject to the approving legal opinion of Wohlforth, Brecht, Cartledge & Brooking 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 Lake and Peninsula Borough by its bond counsel, Birch Horton Bittner & Cherot, of Anchorage, Alaska; (ii) the City and Borough of Juneau and the City and Borough of Sitka by their bond counsel, K&L Gates LLP of Seattle, Washington, and (iii) the City of Sand Point by its co-bond counsel, Foster Pepper PLLC of Seattle, Washington and Walker and Levesque, LLC of Anchorage, Alaska.

Certain legal matters will be passed upon for the Underwriters by their counsel, Foster Pepper PLLC of Seattle, Washington. Any opinion of such firm will be delivered solely to the Underwriters, will be limited in scope, and cannot be relied upon by investors.

UNDERWRITING

The 2013 Series Three Bonds are to be purchased by RBC Capital Markets and _____ (the "Underwriters") from the Bond Bank at an aggregate purchase price of \$ _____ (equal to the aggregate principal amount of the 2013 Series Three Bonds, plus a net original issue premium of \$ _____, less Underwriters' discount of \$ _____), subject to the terms of a Bond Purchase Contract between the Bond Bank and the Underwriters. The Bond Purchase Contract provides that the Underwriters will purchase all of the 2013 Series Three Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Contract, including the approval by counsel of certain matters.

The initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriters without prior notice to any person after

the date of the sale of the 2013 Series Three Bonds. The Underwriters may offer and sell the 2013 Series Three Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement.

FINANCIAL ADVISOR

Western Financial Group, LLC has acted as financial advisor (the “Financial Advisor”) to the Bond Bank in connection with the issuance of the 2013 Series Three Bonds. The Financial 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.

The Financial Advisor also serves as financial advisor to the City and Borough of Juneau. Western Financial Group has secured the consent of the Bond Bank and the City and Borough of Juneau regarding the multiple representations of clients in this transaction.

FINANCIAL STATEMENTS

The financial statements of the Bond Bank included as Appendix E to this Official Statement have been audited by Elgee Rehfeld Mertz LLC, 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 Elgee Rehfeld Mertz LLC.

The Bond Bank has not requested Elgee Rehfeld Mertz LLC 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 2013 Series Three Bonds is excludable from gross income for federal income tax purposes. Interest on the 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds. The Bond Bank and Governmental Units have covenanted to comply with certain restrictions designed to assure that interest on the 2013 Series Three Bonds is excludable from federal gross income. Failure to comply with these covenants may result in interest on the 2013 Series Three Bonds being included in federal gross income, possibly from the date of issuance of the 2013 Series Three 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 and 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 2013 Series Three Bonds may adversely affect the tax status of interest on the 2013 Series Three Bonds.

Although Bond Counsel has rendered an opinion that interest on the 2013 Series Three 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 2013 Series Three Bonds may otherwise affect a 2013 Series Three Bond Owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the 2013 Series Three Bond Owner's particular tax status and the 2013 Series Three 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 2013 Series Three Bonds. Owners of the 2013 Series Three Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds or the market value thereof would be impacted thereby. Purchasers of the 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds is commenced, under current procedures, the IRS is likely to treat the Bond Bank as the “taxpayer,” and the owners of the 2013 Series Three 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 2013 Series Three Bonds, the Bond Bank may have different or conflicting interests from the Owners. Public awareness of any future audit of the 2013 Series Three Bonds could adversely affect the value and liquidity of the 2013 Series Three Bonds during the pendency of the audit, regardless of its ultimate outcome.

RATINGS

Moody’s Investors Service Inc. (“Moody’s”) and Fitch Ratings (“Fitch”) have assigned “__” and “__” ratings, respectively, to the 2013 Series Three 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: Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300; Fitch, One State Street Plaza, New York, New York 10004, (212) 908-0500. 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 2013 Series Three 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, at a minimum, 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds without the consent of any Beneficial Owner of any 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds, and the sole remedy under the respective undertakings in the event of any failure of the Bond Bank and/or the Obligated Persons identified in Appendix D hereto to comply with their respective undertaking will be the right to obtain specific performance of the undertaking.

Prior Compliance with Continuing Disclosure Undertakings Under the Rule

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

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 (15.75%), the City and Borough of Juneau (15.66%), and the Kenai Peninsula Borough (10.55%). 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 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 2013 Series Three Bonds dependent on the foregoing matters.

OFFICIAL STATEMENT

The Bond Bank has authorized the execution and distribution of this Official Statement.

ALASKA MUNICIPAL BOND BANK

/s/

Deven J. Mitchell
Executive Director

APPENDIX A

Form of Legal Opinion

APPENDIX B

State Payments to Governmental Units

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 can 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 two 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 Support” funding which provides education-related aid for operating costs associated with qualified K-12 schools as well as programs such as the Public School Foundation, boarding home grants, youth and detention funding, handicapped facilities, pupil transportation, and nutrition programs. The program provides for monthly distributions to the school districts.

(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 corporate income, amusement, aviation fuel, electric, telephone, liquor and fisheries 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.

(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 (to be updated)

	Shared Taxes & Fees FY2012	DOT Reimbursement Program FY 2013	School Debt Reimbursement FY2013	Education Support FY2013	Matching Grants Through FY2013 (1)	Community Jails FY 2012	Revenue Sharing FY 2013	Total Intercept Capability	Fiscal Year 2013 Total Debt Service (2)	Coverage Ratio
Boroughs										
Aleutians East Borough	\$2,082,874	\$514,838	\$641,928	\$5,312,704	\$4,542,842	0	\$575,711	\$13,670,897	\$2,602,051	5.25
Haines Borough	486,904	0	911,249	3,595,614	33,894,143	0	2,911,989	\$41,799,899	1,382,392	30.24
City & Borough of Juneau	4,662,940	0	14,333,513	44,160,753	27,119,002	0	2,911,989	\$93,188,197	11,103,655	8.39
Kenai Peninsula Borough	1,473,978	0	2,055,727	85,783,122	56,141,466	0	3,838,645	\$149,292,938	8,432,941	17.70
Ketchikan Gateway Borough	2,639,506	0	2,135,246	20,980,809	20,388,110	0	897,081	\$47,040,752	5,900,744	7.97
Kodiak Island Borough (3)	1,222,846	943,676	3,677,661	27,612,782	20,576,130	0	1,042,431	\$55,075,526	5,803,305	9.49
Northwest Arctic Borough	6,695	0	3,168,611	35,256,494	18,811,762	944,172	635,710	\$58,823,444	6,374,394	9.23
City & Borough of Sitka	1,641,483	0	2,563,509	13,468,594	52,149,536	419,450	1,301,072	\$71,543,644	9,599,237	7.45
Municipality of Skagway (3)	3,485,620	0	0	528,514	15,045,144	0	639,304	\$19,698,582	429,960	45.81
City & Borough of Wrangell	409,023	0	207,480	4,532,934	17,235,019	474,907	846,656	\$23,706,019	372,050	63.72
Cities										
Bethel*	\$3,937	\$0	\$0	\$0	\$71,985,180	\$0	\$566,499	\$72,555,616	\$293,344	247.34
Cordova	1,517,031	351,179	970,893	3,811,379	19,262,110	185,784	294,223	26,392,599	1,675,586	15.75
Dillingham	419,943	0	822,009	6,927,296	5,491,658	460,725	300,237	14,421,868	1,174,590	12.28
Hoonah	756,778	0	69,898	2,079,269	20,101,778	0	188,050	23,195,773	109,400	212.03
Homer* (3)	197,140	0	0	0	14,612,494	0	485,141	15,294,775	0	--
Ketchikan* (3)	2,465,255	0	0	0	41,432,990	0	698,801	44,597,046	7,029,739	6.34
Kenai*	363,172	0	0	0	10,322,585	0	627,466	11,313,223	175,848	64.34
King Cove*	524,085	0	0	0	703,320	0	201,529	1,428,934	105,804	13.51
Kodiak*	1,371,504	0	0	0	45,945,333	793,335	572,306	48,682,478	967,654	50.31
Nome	54,785	0	233,272	9,340,281	38,174,693	0	391,410	48,194,441	779,782	61.81
North Pole*	61,605	0	0	0	456,580	0	282,196	800,381	151,342	5.29
Palmer*	151,713	0	0	0	10,852,998	0	556,753	11,561,464	262,401	44.06
Petersburg	1,056,400	0	499,417	6,212,320	18,218,709	247,710	345,443	26,579,999	1,396,510	19.03
Sand Point*	365,756	0	0	0	2,723,843	0	144,287	3,233,886	162,822	19.86
Seward*	869,806	0	0	0	10,243,591	433,210	324,914	11,871,521	4,241,289	2.80
Soldotna*	46,057	0	0	0	9,016,506	0	432,124	9,494,687	220,916	42.98
Unalaska	8,542,195	366,594	834,585	48,580,088	3,670,777	602,385	437,654	63,034,278	3,765,841	16.74
Valdez	485,678	225,811	99,165	5,185,930	12,210,754	427,262	411,940	19,046,540	2,029,831	9.38
Wasilla*	252,454	0	0	0	16,709,201	0	693,410	17,655,065	422,744	41.76

* 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.

APPENDIX C
Government Unit Statistics
Regarding Participation in the Bond Bank

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 OCTOBER 1, 2013
(Does Not Include 2013 Series Three Bonds)

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	110,630,000	15.75%
City and Borough of Juneau	102,970,000	14.66%
Kenai Peninsula Borough	74,110,000	10.55%
Kodiak Island Borough	68,710,000	9.78%
City of Ketchikan	64,660,000	9.20%
Ketchikan Gateway Borough	41,760,000	5.94%
City of Seward	40,590,000	5.78%
City of Unalaska	35,190,000	5.01%
Northwest Arctic Borough	30,510,000	4.34%
Aleutians East Borough	27,675,000	3.94%
City of Cordova	15,020,000	2.14%
City of Kodiak	13,695,000	1.95%
City of Dillingham	12,505,000	1.78%
City of Petersburg	9,420,000	1.34%
City of Nome	5,720,000	0.81%
Municipality of Skagway	5,460,000	0.78%
City of Homer	3,735,000	0.53%
City of Bethel	2,940,000	0.42%
City of Valdez	2,725,000	0.39%
City of Sand Point	2,615,000	0.37%
City of Soldotna	2,225,000	0.32%
City of Wasilla	2,200,000	0.31%
City of Kenai	1,775,000	0.25%
City of Hoonah	1,190,000	0.17%
Haines Borough	1,180,000	0.17%
City of King Cove	1,100,000	0.16%
City of Palmer	860,000	0.12%
City of North Pole	820,000	0.12%
City and Borough of Wrangell	390,000	0.06%
Reserve Obligations	20,130,000	2.87%
Total Outstanding Par	\$702,510,000	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 2013 Series Three Bonds; Preliminary, subject to change)

(Table reflects Loan Payments through fiscal year 2023. Debt service on bonds issued under the 2005 Resolution continues to 2048.)

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	621,325	621,250	616,300	618,175	618,825	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	117,921	887,800	914,600	907,450	911,375	909,625	903,500	902,700	900,700	902,400
City of King Cove 2013 Three	47,015	205,300	203,200	205,500	207,125	203,675	204,550	204,650	135,950	133,550
Lake and Peninsula Borough 2013 Three	382,453	1,453,100	1,475,050	1,473,075	1,472,225	1,470,775	1,469,900	1,469,300	1,467,500	1,469,400
City and Borough of Sitka 2013 Three	1,043,054	2,248,500	2,248,500	2,248,500	2,248,500	2,248,500	2,248,500	2,248,500	2,248,500	2,248,500
Total Loan Obligation DS	\$63,590,802	\$73,440,787	\$73,840,749	\$73,442,361	\$70,789,063	\$70,731,556	\$66,879,466	\$64,225,223	\$61,192,951	\$60,844,640

APPENDIX D

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

Kenai Peninsula Borough - General Fund General Obligation Financial Summary							
Municipal Financial Position		2008	2009	2010	2011	2012	Average
Property Tax Collections							
Borrower's Property Tax Rate per \$1,000		\$5.50	\$4.50	\$4.50	\$4.50	\$4.50	\$5.50
Municipal Levy		\$30,042,125	\$26,779,449	\$28,875,124	\$29,058,274	\$30,419,493	\$29,075,468.00
Current Year's Collections		\$29,651,635	\$26,431,968	\$28,375,677	\$28,630,610	\$29,946,804	\$28,652,398.78
Current Collection Rate		98.70%	98.70%	98.27%	98.53%	98.45%	98.54%
Total Year's Collections		\$30,033,406	\$26,766,274	\$28,856,141	\$28,989,201	\$29,946,804	\$29,009,081.44
Total Collection Rate		99.97%	99.95%	99.93%	99.76%	98.45%	99.77%
General Fund							
Total Ending Fund Balance		\$ 24,460,074	\$ 25,138,217	\$ 23,025,423	\$ 21,705,814	\$ 21,466,583	
Unreserved Ending Fund Balance		\$ 23,979,600	\$ 24,604,294	\$ 22,864,839	\$ 21,454,058	\$ 21,268,520	\$20,704,636
Expenditures		\$ 62,252,359	\$ 69,119,691	\$ 70,829,556	\$ 72,163,558	\$ 71,347,868	\$63,830,592
Fund Balance/Expenditures		39%	36%	32%	30%	30%	32%
Total Revenues		\$ 66,420,270	\$ 69,797,834	\$ 68,716,762	\$ 70,799,893	\$ 71,108,637	\$63,817,196
Intergovernmental Revenues		\$ 7,786,421	\$ 9,477,866	\$ 8,987,813	\$ 8,538,331	\$ 9,749,464	\$7,885,232
Percentage Intergovernmental		12%	14%	13%	12%	14%	12%
Overall Municipal Debt Position							
Revenue Debt - Governmental Funds		\$ -	\$ -	\$ -	\$ -	\$ -	
Revenue Debt - Enterprise Funds		\$ -	\$ -	\$ -	\$ -	\$ -	
Total Revenue Debt		\$ -	\$ -	\$ -	\$ -	\$ -	
General Obligation Debt - Governmental Funds (General Fund only)		\$ 20,174,000	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	
General Obligation Debt - Enterprise Funds		\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt		\$ 20,174,000	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	
Total Revenue and General Obligation Debt		\$ 20,174,000	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	
Governmental GO Debt/Assessed Value (mry)		0.38%	0.30%	0.32%	0.53%	0.46%	
Enterprise GO Debt / Assessed Value (mry)		0.00%	0.00%	0.00%	0.00%	0.00%	
Total Revenue and GO Debt/A.V. (mry)		0.38%	0.30%	0.32%	0.53%	0.46%	
General Obligation Debt Per Capita		\$381	\$338	\$380	\$612	\$536	
Total Revenue and GO Debt Per Capita		\$381	\$338	\$380	\$612	\$536	
General Economic and Demographic Data							
		2008	2009	2010	2011	2012	Annual Growth Rate
Population		52,990	52,990	53,578	55,400	56,369	1.75%
Assessed Value		\$ 5,369,378,000	\$ 5,966,757,000	\$ 6,369,098,000	\$ 6,393,531,000	\$ 6,633,241,000	3.75%
Assessed Value Per Capita		\$ 101,328	\$ 112,602	\$ 118,875	\$ 115,407	\$ 117,675	
Top 10 Tax Payers as a % of Total Assessed Value		17.68%	15.77%	15.23%	14.38%	14.38%	

CITY AND BOROUGH OF SITKA GENERAL OBLIGATION FINANCIAL SUMMARY							
Municipal Financial Position	2007	2008	2009	2010	2011	2012	Average
Property Tax Collections							
Borrower's Property Tax Rate per \$1,000	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Municipal Levy	\$5,003,463	\$5,558,821	\$5,735,000	\$5,768,331	\$5,799,400	\$5,904,617	\$5,628,272
Current Year's Collections	\$4,983,438	\$5,501,591	\$5,689,030	\$5,735,962	\$5,753,039	\$5,874,918	\$5,589,663
Current Collection Rate	99.60%	98.97%	99.20%	99.44%	99.20%	99.50%	99.32%
Total Year's Collections	\$5,013,706	\$5,525,653	\$5,746,123	\$5,801,822	\$5,797,927	\$5,874,918	\$5,626,692
Total Collection Rate	100.20%	99.40%	100.19%	100.58%	99.97%	99.50%	99.98%
General Fund							
Unreserved Ending Fund Balance	\$ 8,766,337	\$ 6,389,357	\$ 7,193,254	\$ 8,853,936	\$ 11,508,475	\$ 13,584,873	\$ 9,382,705
Expenditures	\$ 23,002,357	\$ 23,575,260	\$ 23,817,458	\$ 23,597,203	\$ 23,260,649	\$ 24,075,729	\$ 23,554,776
Fund Balance/Expenditures	38%	27%	30%	38%	49%	56%	39.81%
Total Revenues	\$ 23,513,736	\$ 24,718,668	\$ 25,925,306	\$ 24,882,306	\$ 24,709,916	\$ 26,584,728	\$ 25,055,777
Intergovernmental Revenues	\$ 1,949,569	\$ 2,174,717	\$ 2,393,157	\$ 2,219,501	\$ 2,380,298	\$ 2,659,323	\$ 2,296,094
Percentage Intergovernmental	8%	9%	9%	9%	10%	10%	9.15%
Overall Municipal Debt Position							
Revenue Debt - Enterprise Funds	\$ 48,625,608	\$ 50,247,039	\$ 50,517,063	\$ 48,467,078	\$ 68,857,276	\$ 66,881,864	
Revenue Debt - Governmental Funds	\$ -	\$ 195,000	\$ 185,250	\$ 175,500	\$ 165,750	\$ 156,000	
General Obligation Debt - Governmental Funds	\$ 30,540,000	\$ 29,035,000	\$ 34,410,000	\$ 32,550,000	\$ 36,300,000	\$ 34,040,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 30,540,000	\$ 29,035,000	\$ 34,410,000	\$ 32,550,000	\$ 36,300,000	\$ 34,040,000	
Total Revenue and General Obligation Debt	\$ 79,165,608	\$ 79,477,039	\$ 85,112,313	\$ 81,192,578	\$ 105,323,026	\$ 101,077,864	
Governmental GO Debt/Taxable Assessed Value	3.54%	3.47%	3.65%	3.42%	3.96%	3.46%	
Total Revenue and GO Debt/A.V.	9.18%	8.49%	9.04%	8.52%	11.50%	10.26%	
General Obligation Debt Per Capita	\$3,533	\$3,370	\$3,989	\$3,665	\$4,138	\$3,803	
Total Revenue and GO Debt Per Capita	\$9,158	\$9,225	\$9,866	\$9,142	\$12,005	\$11,291	
General Economic and Demographic Data							
	2007	2008	2009	2010	2011	2012	Annual Growth Rate
Population	8,644	8,615	8,627	8,881	8,773	8,952	2.04%
Taxable Assessed Value	\$ 861,978,476	\$ 935,894,126	\$ 941,464,880	\$ 952,574,685	\$ 916,072,379	\$ 985,073,126	7.53%
Assessed Value Per Capita	\$ 99,720	\$ 108,635	\$ 109,130	\$ 107,260	\$ 104,420	\$ 110,039	
Top 10 Tax Payers as a % of Assessed Value	6.51%	6.35%	8.36%	8.21%	7.64%	7.57%	

**City and Borough of Sitka
Electric Enterprise Fund
Financial Summary**

	2007	2008	2009	2010	2011	2012
	Audited	Audited	Audited	Audited	Audited	Audited
Assets						
Cash	8,458,918	9,393,512	8,993,721	8,868,159	24,320,421	31,450,650
Restricted Assets	6,964,401	7,020,244	7,376,785	7,149,277	6,871,164	3,595,875
Other Assets	2,189,489	3,185,865	3,602,067	4,256,023	5,010,167	7,266,275
Construction in Progress	1,524,810	1,130,584	2,883,684	5,555,467	11,646,987	18,086,724
Utility Plant in Service	<u>69,898,054</u>	<u>67,869,782</u>	<u>66,094,407</u>	<u>64,914,833</u>	<u>63,103,150</u>	<u>61,775,003</u>
Total Assets	89,035,672	88,599,987	88,950,664	90,743,759	110,951,889	122,174,527
Liabilities and Net Assets						
Liabilities						
Other Liabilities	663,351	654,181	419,304	636,920	1,722,772	2,477,182
Revenue Bonds Payable	34,570,000	32,550,000	30,395,000	28,090,000	48,700,000	47,570,000
Deferred loss/premium on bonds	(1,232,682)	(1,093,244)	(954,781)	(815,343)	1,471,509	(1,711,547)
Revenue Note Payable	<u>9,760,076</u>	<u>9,534,167</u>	<u>9,299,130</u>	<u>9,054,598</u>	<u>8,800,188</u>	<u>8,535,498</u>
Total Liabilities	43,760,745	41,645,104	39,158,653	36,966,175	60,694,469	56,871,133
Net Assets	45,274,927	46,954,883	49,792,011	53,777,584	50,257,420	65,303,394
Operating Revenues	10,716,798	10,939,726	11,846,117	10,852,914	11,401,523	11,611,319
Operating Expenses						
Administrative and General	1,392,512	1,799,393	1,955,508	1,699,737	1,739,698	2,003,768
Operation and Maintenance	3,752,626	4,144,733	4,465,023	4,366,115	5,257,342	5,914,895
Depreciation	<u>2,006,972</u>	<u>2,024,708</u>	<u>1,998,438</u>	<u>1,994,177</u>	<u>1,987,558</u>	<u>1,971,739</u>
Operating Income	3,564,688	2,970,892	3,427,148	2,792,885	2,416,925	1,720,917
Nonoperating revenue (expense)						
Investment Income	791,965	1,020,133	642,422	523,298	490,986	459,107
Interest Expense	(2,741,335)	(2,621,198)	(2,469,192)	(2,369,426)	(1,725,198)	(2,848,639)
Other	<u>50,717</u>	<u>315,931</u>	<u>351,823</u>	<u>208,962</u>	<u>-</u>	<u>625,748</u>
Net Income before contributions and transfers	1,666,035	1,685,758	1,952,201	1,155,719	1,182,713	(42,867)
Capital contributions	1,300,914		603,582	2,853,752	4,039,237	5,266,050
Extraordinary Item:						
Net Pension Obligation Relief			281,345		119,824	139,806
Transfer In (Out) net	-	(5,802)	-	(23,898)	-	-
Change In Net Assets	<u>2,966,949</u>	<u>1,679,956</u>	<u>2,837,128</u>	<u>3,985,573</u>	<u>5,341,774</u>	<u>5,362,989</u>
Population of City and						
Borough	8,644	8,615	8,627	8,881	8,773	
# of electric customers	5,113	5,197	5,257	5,278	5,282	
KwH Sold	106,491,085	109,997,183	114,866,192	108,739,970	111,795,344	
Revenue Bond Debt Service	4,024,958	4,113,594	4,106,690	4,108,407	3,477,959	
Revenue Bond Coverage (> 1.25)	1.59	1.54	1.56	1.34	1.41	

**CITY AND BOROUGH OF JUNEAU
FINANCIAL SUMMARY
General Governmental Fund**

Municipal Financial Position	2008	2009	2010	2011	2012	Average
Property Tax Collections						
Borrower's Property Tax Rate per \$1,000	\$10.37	\$10.37	\$10.60	\$10.51	\$10.55	\$10.48
Municipal Levy	\$39,585,556	\$40,446,577	\$41,048,853	\$40,739,944	\$41,751,673	\$40,714,521
Current Year's Collections	\$39,220,681	\$40,159,018	\$40,691,450	\$40,329,083	\$41,431,682	\$40,366,383
Current Collection Rate	99.08%	99.29%	99.13%	98.99%	99.23%	99.14%
Total Year's Collections	\$39,220,681	\$40,159,018	\$40,691,450	\$40,329,083	\$41,431,682	\$40,366,383
Total Collection Rate	99.08%	99.29%	99.13%	98.99%	99.23%	99.14%
General Fund						
Unreserved - Undesignated Ending Fund Balance	\$ 7,661,221					\$ 7,661,221
Unassigned Plus Emergency Operating Res (GASB#54)		\$ 5,479,594	\$ 5,714,731	\$ 1,729,385	\$ 3,438,792	\$ 4,090,626
Expenditures	\$ 45,344,930	\$ 48,556,036	\$ 49,158,125	\$ 50,540,314	\$ 51,283,781	\$ 48,976,637
Fund Balance/Expenditures	17%	11.29%	11.63%	3.42%	6.71%	9.99%
Total Revenues	\$ 64,317,473	\$ 67,503,826	\$ 66,541,842	\$ 66,008,466	\$ 50,055,357	\$ 62,885,393
Intergovernmental Revenues	\$ 11,288,000	\$ 14,141,624	\$ 12,389,683	\$ 14,313,000	\$ 15,464,700	\$ 13,519,401
Percentage Intergovernmental	18%	21%	19%	22%	31%	21.94%
Overall Municipal Debt Position						
Revenue Debt - Enterprise Funds	\$ 48,330,982	\$ 47,552,969	\$ 46,370,845	\$ 45,208,341	\$ 43,679,682	
Revenue Debt - Governmental Funds	\$ 173,032	\$ 2,888,891	\$ 2,718,662	\$ 3,599,575	\$ 2,861,747	
General Obligation Debt - Governmental Funds	\$ 114,309,000	\$ 142,543,000	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	
General Obligation Debt - Enterprise Funds	\$ 45,000	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 114,354,000	\$ 142,543,000	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	
Total Revenue and General Obligation Debt	\$ 162,858,014	\$ 192,984,860	\$ 205,445,507	\$ 197,108,916	\$ 179,987,429	
Governmental GO Debt/Taxable Assessed Value	2.97%	3.60%	3.98%	3.72%	3.28%	
Total Revenue and GO Debt/A.V.	4.24%	4.87%	5.22%	4.94%	4.42%	
General Obligation Debt Per Capita	\$3,690	\$4,641	\$4,999	\$4,742	\$4,133	
Total Revenue and GO Debt Per Capita	\$5,256	\$6,284	\$6,569	\$6,302	\$5,574	
General Economic and Demographic Data						
Population	30,988	30,711	31,275	31,275	32,290	3.25%
Taxable Assessed Value	\$ 3,845,256,273	\$ 3,964,306,237	\$ 3,933,364,442	\$ 3,989,344,944	\$ 4,071,713,732	3.52%
Assessed Value Per Capita	\$ 124,089	\$ 129,084	\$ 125,767	\$ 127,557	\$ 126,098	
Top 10 Tax Payers as a % of Assessed Value	8.94%	9.60%	10.52%	13.78%	13.73%	

**CITY AND BOROUGH OF JUNEAU
HARBOR ENTERPRISE FUND
FINANCIAL SUMMARY**

	2008 Audited	2009 Audited	2010 Audited	2011 Audited	2012 Audited
ASSETS					
Plant In-Service (net of depreciation)	\$14,065,027	\$13,081,747	\$11,923,364	\$13,827,335	\$12,844,129
Construction Work in Progress	21,482,038	27,841,706	29,935,711	29,889,294	33,499,769
Cash	4,087,343	3,299,922	4,470,053	4,728,522	4,660,755
Restricted Assets	12,546,998	9,929,753	7,588,584	10,702,703	11,196,479
Other Assets	233,341	1,178,214	866,059	764,741	847,869
Total Assets	52,414,747	55,331,342	54,783,771	59,912,595	63,049,001
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	10,450,000	10,210,000	9,960,000	9,700,000	9,691,595
Other Liabilities	2,946,716	2,590,015	1,726,240	2,110,290	2,140,909
Total Liabilities	13,396,716	12,800,015	11,686,240	11,810,290	11,832,504
NET ASSETS	39,018,031	42,531,327	43,097,531	48,102,305	51,216,497
Operating Revenues	2,686,154	2,630,220	3,040,330	2,854,858	3,154,885
Operation and Maintenance	2,368,561	2,396,922	2,133,877	2,492,110	2,434,329
Administrative and General	-	-	-	-	-
Depreciation	1,235,019	1,048,281	799,254	899,956	986,619
Operating Income (Loss)	(917,426)	(814,983)	107,199	(537,208)	(266,063)
Non-Operating Revenue (Expense)	431,688	422,169	(183,181)	46,509	155,306
Net Income (Loss) Before Contribution	(485,738)	(392,814)	(75,982)	(490,699)	(110,757)
Capital Contributions	2,094,317	317,339	242,186	1,690,873	2,549,949
Net Transfers-In (Out)	(112)	3,250,000	400,000	3,804,600	675,000
Special item - NPO/OPEB write off		338,771			
Change in Net Assets	1,608,467	3,513,296	566,204	5,004,774	3,114,192
Population of City	30,988	30,711	31,275	31,275	32,290
Revenue Bond Coverage	3.89	1.67	2.19	1.19	1.79

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

(All figures rounded to thousands)

	2007	2008	2009	2010	2011	2012
	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
ASSETS						
Plant In-Service	8,269,919	7,422,377	6,520,271	5,674,338	4,909,305	4,621,000
Cash	1,030,875	1,162,402	1,500,220	1,255,867	1,582,128	1,752,044
Restricted Assets	1,753,935	1,756,235	1,760,358	1,735,178	1,707,402	2,170,928
Other Assets	1,183,595	1,149,867	1,142,642	1,312,915	1,399,517	1,444,751
Total Assets	12,238,324	11,490,881	10,923,491	9,978,298	9,598,352	9,988,723
LIABILITIES AND NET ASSETS						
Bond Debt	15,300,000	14,850,000	14,250,000	13,650,000	13,050,000	11,705,000
Other Liabilities	798,560	923,777	872,825	878,190	904,428	2,052,665
Total Liabilities	16,098,560	15,773,777	15,122,825	14,528,190	13,954,428	13,757,665
NET ASSETS (DEFICIT)	(3,860,236)	(4,282,896)	(4,199,334)	(4,549,892)	(4,356,076)	(3,768,942)
Operating Revenues	8,305,603	8,972,432	10,290,008	10,361,609	10,859,195	10,841,326
Operating Expenses	7,667,554	8,438,613	9,302,040	9,802,944	9,894,353	9,594,317
Depreciation	1,021,764	988,053	951,871	937,147	832,579	780,765
Operating Income (Loss)	(383,715)	(454,234)	36,097	(378,482)	132,263	466,245
Non-Operating Revenue (Expense)	135,696	31,574	47,465	27,924	61,553	120,890
Change in Net Assets	(248,019)	(422,660)	83,562	(350,558)	193,816	587,134
Revenue Bond Coverage	1.29	1.10	1.27	1.01	1.33	1.32

**CITY AND BOROUGH OF JUNEAU
BARTLETT REGIONAL HOSPITAL
FINANCIAL SUMMARY**

	2008 Audited	2009 Audited	2010 Audited	2011 Audited	2012 Audited
ASSETS					
Plant In-Service (net of depreciation)	\$54,074,505	\$71,272,745	\$74,736,663	\$72,772,410	\$74,566,327
Construction Work in Progress	17,059,590	8,224,160	3,126,611	6,866,781	6,202,224
Cash	11,061,880	16,297,926	18,036,202	14,990,308	17,386,169
Restricted Assets	14,414,883	5,462,944	8,555,051	10,160,114	6,549,498
Other Assets	16,925,949	17,751,193	20,549,937	23,011,263	23,462,113
Total Assets	113,536,807	119,008,968	125,004,464	127,800,876	128,166,331
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	27,295,000	26,740,000	26,165,000	25,570,000	24,926,795
Other Liabilities	11,708,161	10,484,387	11,066,147	11,391,053	8,999,867
Total Liabilities	39,003,161	37,224,387	37,231,147	36,961,053	33,926,662
NET ASSETS	74,533,646	81,784,581	87,773,317	90,839,823	94,239,669
Operating Revenues	68,693,315	76,333,369	82,640,681	90,680,836	95,026,373
Operation and Maintenance	61,982,608	66,831,133	72,975,632	83,883,389	89,411,913
Administrative and General	-	-	-	-	-
Depreciation	4,470,386	5,474,872	6,270,565	6,552,177	7,145,290
Operating Income (Loss)	2,240,321	4,027,364	3,394,484	245,270	(1,530,830)
Non-Operating Revenue (Expense)	(677,429)	243,415	911,555	1,579,634	3,306,366
Net Income (Loss) Before Contribution	1,562,892	4,270,779	4,306,039	1,824,904	1,775,536
Capital Contributions	2,136,890	870,700	536,697	89,002	471,910
Net Transfers-In (Out)	1,102,100	1,103,000	1,146,000	1,152,600	1,152,400
Special item - NPO/OPEB write off		1,006,456			
Change in Net Assets	4,801,882	7,250,935	5,988,736	3,066,506	3,399,846
Population of City	30,988	30,711	31,275	31,275	32,290
Revenue Bond Coverage	3.58	5.07	5.15	3.63	3.00

APPENDIX E

Financial Statements of the
Alaska Municipal Bond Bank
for the Year Ended June 30, 2012

APPENDIX F

2005 General Obligation Bond Resolution

APPENDIX G

DTC and Book-Entry System

DTC AND BOOK-ENTRY SYSTEM

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2013 Series Three Bonds. The 2013 Series Three 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 each subseries of the 2013 Series Three 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 2013 Series Three Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Series Three Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds, except in the event that use of the book-entry system for the 2013 Series Three Bonds is discontinued.

4. To facilitate subsequent transfers, all 2013 Series Three 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 2013 Series Three 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 2013 Series Three Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013 Series Three 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 2013 Series Three Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Series Three Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2013 Series Three Bond documents. For example, Beneficial Owners of 2013 Series Three Bonds may wish to ascertain that the nominee holding the 2013 Series Three 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 2013 Series Three Bonds within a maturity of each subseries 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 2013 Series Three 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 2013 Series Three Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the 2013 Series Three 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 2013 Series Three 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, 2013 Series Three 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, 2013 Series Three 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.

Alaska Municipal Bond Bank
General Obligation (2005 Resolution), 2013 Series Three
Financing Schedule

AUGUST						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

OCTOBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Key to Participants:
 AMBB = Alaska Municipal Bond Bank
 FA = Financial Advisor (Western Financial Group)
 BC = Bond Counsel (Wohlforth, Brecht, Cartledge & Brooking)
 UND = Underwriter
 WG = Working Group (All of the Above)

Thu-Aug-8-13	Distribute draft financing schedule, distribution list	WG
Thu-Aug-8-13	Working Group call to discuss schedule and structure	WG
Fri-Aug-16-13	Distribute first draft POS, Bond Resolution	FA, BC
Wed-Aug-21-13	Comments on first draft of POS, Bond Resolution	WG
Wed-Aug-21-13	Bond Resolution, Draft POS and Borrower Summaries provided to Bond Bank	FA, BC
Wed-Aug-28-13	AMBB Board Meeting to approve Resolution, review loans	WG
Thu-Sep-5-13	Distribute 2nd draft of POS to WG	FA
Thu-Sep-12-13	Comments due on 2nd draft of POS	WG
Fri-Sep-20-13	Distribute POS, Bond Resolution, Loan Summaries to rating agencies	FA
Fri-Sep-20-13	Distribute 3rd draft of POS to WG	FA
Fri-Sep-27-13	Comments due on 3rd draft of POS	WG
Fri-Oct-4-13	Distribute final draft of POS to WG	FA
Fri-Oct-11-13	Comments due on final draft of POS	WG
Tue-Oct-15-13	Receive ratings	AMBB, FA
Wed-Oct-16-13	Post POS to internet	WG
Thu-Oct-24-13	Latest Effective Date for all Borrower Ordinances	
Wed-Oct-30-13	Pricing	AMBB, FA
Thu-Oct-31-13	Distribute draft Final OS	FA
Fri-Nov-1-13	Comments due on Final OS, deliver Final OS to printer	FA
Fri-Nov-1-13	Transcript preparation begins	BC
Wed-Nov-6-13	Closing documents distributed to WG	BC
Wed-Nov-13-13	PRE-CLOSING IN SEATTLE	WG
Thu-Nov-14-13	CLOSING IN SEATTLE	WG



WESTERN
FINANCIAL
GROUP

Deven Mitchell
Executive Director
Alaska Municipal Bond Bank
P.O. Box 110405
Juneau, AK 99811

June 24, 2013

Dear Deven:

With the sale of the Alaska Municipal Bond Bank's General Obligation Bonds, 2013 Series Two on June 4, 2013 I have prepared this sale results summary.

The bonds were sold by negotiated sale to JP Morgan (senior manager) and Morgan Stanley (co-manager). The 2013 Series Two Bonds were sold with a true interest cost of 3.40%. This TIC is in line with recent Bond Bank sales, reflecting both a slightly longer average life of the bonds and a continued low interest rate environment. The longer average life reflects the desired 20 year term of each of the underlying loans, with the exception of the 1½ year maturity associated with the refunding of the Authority's 2002B Bonds. JP Morgan purchased the 2013 Two Bonds with an underwriter discount of approximately \$3.20/\$1,000. For comparison, the table below summarizes the true interest cost, average life and underwriter costs of recent Bond Bank issues.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)
2013 Two	3.4048%	11.843	\$ 3.20
2013 One	3.6056%	17.671	3.15
2012 Three	1.7607%	6.387	4.50
2012 Two	2.1554%	7.149	4.50
2012 One	1.5210%	4.928	3.50
2011 Three	2.5669%	7.855	4.01
2011 Two	3.2693%	8.277	10.92
2011 One	4.5663%	11.373	5.03
2010A Four	3.0896%	6.870	4.67
2010A Three	2.0137%	5.251	5.07
2010A Two	1.9283%	3.416	5.14
2010A One	2.7134%	4.648	4.11
2009A Four	2.3877%	3.828	5.22
2009 Three	3.1173%	5.733	6.31
2009 Two	5.0216%	8.966	7.28

Phone: (503) 636-0265 Fax: (503) 636-9778

333 S. State Street

Suite V, #172

Lake Oswego, OR 97034

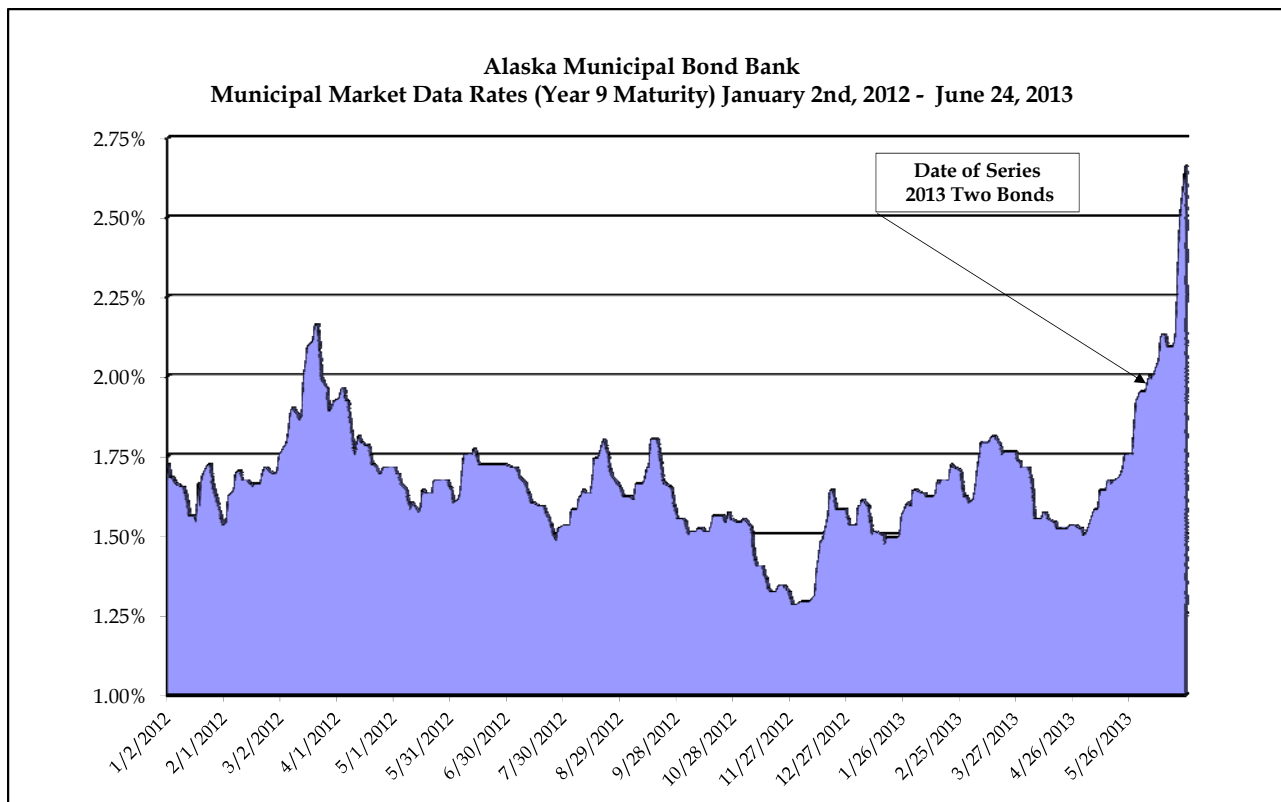
The table below presents the AMBB and MMD scales for sample maturities of the 2013 Series Two Bonds with a comparison to the yield spreads to the MMD for the 2011 Two Series through the 2013 Series One Bonds:

Year	MMD (6/04/13)	AMBB (2013 II Bonds)	Difference (2013 II Bonds)	Difference (2013 I Bonds)	Difference (2012 III Bonds)	Difference (2012 II Bonds)	Difference (2012 I Bonds)	Difference (2011 III Bonds)	Difference (2011 II Bonds)
2014	0.20	0.33	.13	-.02	.11	.31	.29	.32	.14
2016	0.50	0.65	.15	.13	.20	.45	.35	.40	.16
2018	0.95	1.20	.25	.25	.23	.47	.46	.44	.19
2021	1.77	2.11	.34	.38	.31	.50	.48	.54	.19
2025	2.34	2.83	.49	.61	.95	.585	.42		
2027	2.55	3.03	.48	.81	.94	.69			
2028	2.63	3.10	.47	.84		.71			

As the table demonstrates, over the past two years, the spread to MMD was at its lowest with the 2011 Two issue. The spread then increased between the 2011 Two and 2012 Two issues. This was a function of two factors. First, rates on AAA rated bonds, according to MMD, declined by over 100 basis points from the time of the 2011 Two Bonds sale to that of the 2012 Two Bonds. While this decline impacted rates across all credit levels, the improvement in the highest rated credits was more pronounced than for lower-rated credits, meaning that credit spreads increased during the late summer of 2011 rally. That trend continued with the bond rally in the late winter and early spring of 2012. The yield spreads on the 2012 Three tightened relative to MMD through 2023, then widened in the remaining years in which smaller serial and term maturities were marketed at prices near par. The yield spreads on the 2013 Two Bonds were as tight relative to MMD in the first 10 years as any issues since the 2012 Three Bonds. The yield spread beyond the call date remained relatively tight, reflecting the 5% coupon on the 2013 Three Bonds maturing 2024 through 2033.

The graph on the following page presents the yield on the nine year maturity of a AAA rated bond according to Municipal Market Data. As the graph demonstrates, the past year-and-a-half has been characterized by fluctuations in the yields of highly rated bonds, with rates reaching all-time lows in late November 2012. Since that point, rates increased approximately 40 basis points by the end of the year then remained in a fairly narrow range until early May 2013. At that point, a combination of factors began forcing rates up. These included indications of an improving economy, strong performance in the equity markets and, as a consequence, significant outflows from municipal mutual funds as investors sought to reallocate assets.

By the time of the 2013 Two sale, municipal rates had increased approximately 50 basis points from the levels of early May. Still, the 2013 Two Bonds sold into a relatively stable market, with a fairly receptive tone given the run up in rates that preceded the sale. Following the sale of the 2013 Two Bonds, the municipal market suffered one of the most dramatic increases in rates since the financial crisis of 2008. Ben Bernanke announced on June 19th the Federal Reserve's intention to discontinue elements of its quantitative easing efforts, including bond buy-back programs, by the middle of 2014. This announcement caused an immediate and negative reaction in the fixed income markets, with the MMD scale posting a more than 50 basis point increase in the three day period ending June 24th.



On the morning of June 3rd members of the working group convened by phone to discuss the marketing of the 2013 Series Two Bonds. JP Morgan provided a proposed scale with yields ranging from 0.39% in 2015 to 3.40% in 2033. The December 1, 2013, June 1, 2014 and December 1, 2014 maturities would be sold by sealed bid. These yields resulted in spreads to the MMD AAA scale ranging from 9 basis points in the 2015 maturity to as wide as 50 basis points for the 2026 through 2033 serial bonds. After a review of the scale, consideration of the market tone and comparison with other transactions in the market, WFG proposed reducing the yields on the 2021 through 2024 serial bonds by from 2 to 4 basis points. WFG also proposed reducing the yields on discount serial bonds maturing 2029, 2031 and 2033 by 5 basis points. JP Morgan agreed to those adjustments prior to releasing the scale on the pricing wire. The agreed upon yields applied to both the 2013A Series Two Bonds (tax-exempt governmental purpose) and the 2013B Series Two Bonds (Qualified 501(c)(3)). The 2013B Series Two Bonds were issued for the construction of a long-term care facility operated by Providence and secured, in part, by lease payments from Providence.

The retail scale was released on the morning of the 4th. There was a solid investor response during the order period, with the 2013A Two bonds maturing 2018 through 2028 fully subscribed for. Orders were sparser for the 2013B Two bonds, with only the 2023 and 2024 bonds subscribed for. Orders for both sub-series totaled \$17.56 million. Adjusting for over-subscriptions, the retail order period accounted for approximately \$15.9 million in orders.

Given the tone of the market, which had been generally negative since early May, but had stabilized on June 3rd and 4th, the working group decided to accelerate the sale process and offer balance of the bonds to institutional investors on June 4th. Yields on the bonds remained the same during the institutional order period as they had during the retail order period.

During the institutional order period, JP Morgan reported that nearly all of the 2013A Series Two bonds were subscribed for through a combination of retail orders, priority institutional and member orders. Orders for the 2013B Two bonds were slower, with balances in 2015 through 2017, 2019, 2020 and 2023 through 2030. The JP Morgan underwriter suggested marketing the 2013B Series Two serial bonds maturing 2025 through 2030 as a 2030 term bond with 5% coupon term bonds with a yield of 2.83% and a 5-year call. This put the 2030 term bond at a 10 basis point spread to the MMD index, although as a result of adjustments to the MMD for June 4th the final spread was 6 basis points. WFG and the Bond Bank agreed to this structural modification. Not only did it put the 2025 through 2030 serial bonds away, it allowed the underwriter to maintain the yields on the 2013A Two Bonds at the yields agreed to prior to the retail order period, resulting in significant savings to the underlying borrowers.

The proceeds of the 2013 Series Two Bonds sale were provided to borrowers for both refunding and new money purposes. In the case of the refunding, the Bond Bank provided rates that the City of Ketchikan would not have been able to achieve on its own. In addition, the prior Ketchikan bonds were currently callable and provided savings to the Ketchikan Public Utilities. Since KPU was also a new money borrower, the savings achieved by the City came at a very low marginal cost. In the case of new money loans, the savings have been estimated based on the interest rate differential and costs of issuance benefits associated with the Bond Bank’s pooled financing approach.

The table below summarizes the actual present value refunding savings achieved by the City of Ketchikan.

Borrower	Loan Par	Present Value Savings
City Ketchikan	\$1,245,000	\$37,854

The table below summarizes the estimated present value savings achieved by the new money participants to the 2013 Series Two sale.

Borrower	Loan Par	Gross Savings	Present Value Savings
City of Homer	\$3,735,000	\$948,000	\$715,000
City of Ketchikan	13,275,000	1,441,000	1,206,000
Kodiak Island Borough	17,110,000	6,496,000	4,879,000
City of Skagway	890,000	186,000	140,000

The bond sale closed on June 19th in Seattle. As always, it was a pleasure to serve the Bond Bank on this transaction. If you have any questions, please feel free to call me.

Sincerely,



Chip Pierce



333 Willoughby Avenue, 11th floor
P.O. Box 110405
Juneau, Alaska 99811-0405

Tel (907) 465-2388
FAX (907) 465-2902
E-mail: ambba@revenue.state.ak.us

TO: AMBBA Board Members
Mark Pfeffer, Angela Rodell, Luke Welles,
Gregory Gursey, Ted Leonard

DATE: August 22, 2013

FROM: Deven Mitchell, Executive Director **TELEPHONE:** 465-3750

Following are updates on items not covered in the August 28, 2013 Agenda:

Fiscal Year 2013 Results

During FY 2013 the Bond Bank sold 3 series of bonds the proceeds of which were used to provide \$152,275,000 worth of 16 par loans for 10 communities. The Bond Bank's participation in those loans is estimated to have saved \$19,555,611 on a present value basis.

Ketchikan Public Utilities Reserve Fund

The City of Ketchikan has inquired about reducing their reserve requirement. Their reserve is currently calculated separately between the 2005 One loan and all other loans rather than on the expected parity reserve basis. The result of this is that the reserve of KPU appears to be overfunded by approximately \$976,000 when compared to the IRS allowed maximum. If the City's legal documents allow the reduction to occur the Bond Bank documents only appear to require the legally allowed maximum reserve to be maintained.

2001 Series B Revenue Bonds

On May 6, 2013 Mike Houts, the Ketchikan Gateway Borough Finance Director informed the Bond Bank that the Borough Assembly had authorized optionally redeeming the Borough's 2001 Series B airport revenue bonds. A wire transfer date of May 28, 2013 was established and a payoff amount of \$1,184,845 determined. As the Bond Bank optionally redeemed its 2001 Series B revenue bonds in December, 2012 the Borough's May 28 transfer of funds went directly to the Bond Bank's custodian bank.

USDA Loans

At the beginning of 2013 Ryan and Deven visited Palmer's USDA Rural Development office regarding currently outstanding community loans. They were willing to provide additional documentation, and we contacted each community to

offer an evaluation on loans to determine the feasibility of refinancing through the Bond Bank. Originally, three communities provided loan data for evaluation, King Cove, Wrangell, and Homer. Types of projects consisted of hydroelectric, sewer, water, and a library with varying issue dates and interest rates. With the volatility in rates most of the refinancing opportunities were eliminated, however, we will continue to periodically review the loans for refinancing opportunities.

AGFOA

Ryan Williams and I attended the May 15 to May 17 AGFOA conference in Talkeetna.

Web Site Update

<http://treasury.dor.alaska.gov/dnn/ambba/Home.aspx>

The Bond Bank's web site has been updated and is current. I would like to get pictures of the Board at a future meeting for inclusion on the site.

Accounting and Audit Services/Compilation

In April 2013 the Bond Bank released a limited procurement for both Accounting and audit services. On April 15, 2013 we received responses from Elgee Rehfeld Mertz for both the Accounting Services and audit contracts and from Mikunda Cottrell for the Audit work. The evaluation team of Pam Leary, Ryan Williams and Deven Mitchell determined that Elgee Rehfeld Mertz was the successful candidate for the Accounting Services/Compilation work and Mikunda Cottrell for the Audit work. Mikunda Cottrell was subsequently acquired by BDO, and we expect to carry forward under our agreement and with the staff previously assigned for the audit work.

Financial Advisor

On May 10, 2013 a Request for Proposals for Financial Advisor was released. The Bond Bank receive two responses to the RFP. The evaluation committee comprised of Greg Gurse, Ryan Williams and Deven Mitchell unanimously selected Western Financial Group as the successful candidate.

ISSUE	BORROWER	LOAN PAR	PV SAVINGS	GROSS SAVINGS
2012 Three	Haines Borough Refi RDA Loan Water	1,210,000	333,878	333,878
	CBJ school new money	11,415,000	395,000	449,000
	CBJ school refi	7,415,000	1,149,773	1,149,773
	Petersburg Library	1,150,000	154,000	174,000
2013 One	Sitka Electric	35,530,000	4,381,000	7,115,000
	Sitka Harbor	3,955,000	515,000	720,000
	CBJ School	2,600,000	192,000	276,000
	CBJ Bartlett Refi	23,660,000	3,402,106	3,402,106
	Ketchikan Gateway school	4,875,000	287,000	345,000
	Kodiak Island School	21,595,000	1,253,000	1,735,000
	Sand Point harbor	2,615,000	515,000	850,000
2013 Two A	Homer boat harbor	3,735,000	715,000	948,000
	City of Ketchikan hydro project	13,275,000	1,206,000	1,441,000
	City of Ketchikan refi KPU	1,245,000	37,854	37,854
	Muni. Of Skagway - harbor	890,000	140,000	186,000
2013 Two B	Kodiak Island Long Term Care Facility	17,110,000	4,879,000	6,496,000
		<u>152,275,000</u>	<u>19,555,611</u>	<u>25,658,611</u>
FY 2013	Number of Communities	10		
	Number of Loans	16		
	Amount of Loans	152,275,000		
	Present Value Savings	19,555,611		

**KETCHIKAN PUBLIC UTILITIES
RESERVE FUND
REQUEST TO COMBINE RESERVE FUNDS OF OUTSTANDING PARITY BONDS**

Ketchikan Public Utilities (KPU) currently has the following parity bond issues outstanding:

Series T (Bond Bank 2005 One)
Series W (CREBS Placed through Banc of America, 2008)
Series V (Bond Bank Refinanced 2013 Two)
Series X (Bond Bank 2013 Two)

Currently the reserve account for the Series T Bonds is treated separately than the common reserve account for the other issues. With the consent of the Bond Bank, it is our understanding that there is no legal reason that the Series T Reserve Account cannot be combined with the common reserve account.

Currently, KPU has the approximately the following amounts in the Reserve Funds

Series T (Average Annual DS)	\$1,299,662
Common Reserve for other Issues	<u>\$1,374,155</u>
Total	\$2,673,817

If the Series T Reserve is combined with the others, the total is \$1,697,812, or a reduction of over \$976,000, which would be available to put in the construction fund for the Whitman Lake Project.

The calculations are shown on the attached spreadsheet.

	2005 One Series T	Series V Final 2013	CREBs	2013 Final	Total
2013	\$ 1,296,380	\$ 626,205	\$ 86,000	\$ 260,595	\$ 2,269,180
2014	1,287,680	642,600	85,400	579,100	2,594,780
2015	1,300,930	-	84,800	1,059,250	2,444,980
2016	1,307,080	-	84,200	1,059,450	2,450,730
2017	1,306,240	-	83,600	1,061,850	2,451,690
2018	-	-	83,000	1,061,325	1,144,325
2019	-	-	82,400	1,060,350	1,142,750
2020	-	-	81,800	1,061,050	1,142,850
2021	-	-	81,200	1,058,250	1,139,450
2022	-	-	80,600	1,059,550	1,140,150
2023	-	-	-	1,059,850	1,059,850
2024	-	-	-	1,060,750	1,060,750
2025	-	-	-	1,062,875	1,062,875
2026	-	-	-	1,061,250	1,061,250
2027	-	-	-	1,058,875	1,058,875
2028	-	-	-	1,059,625	1,059,625
2029	-	-	-	1,058,375	1,058,375
2030	-	-	-	1,060,000	1,060,000
2031	-	-	-	1,059,375	1,059,375
2032	-	-	-	1,061,375	1,061,375
2033	-	-	-	1,060,875	1,060,875
	<u>6,498,310</u>	<u>1,268,805</u>	<u>833,000</u>	<u>20,983,995</u>	<u>28,523,235</u>

Average Annual Debt Service	\$ 1,358,249.29
125% of Average Annual Debt Service	\$ 1,697,811.61
Maximum Annual Debt Service	\$ 2,594,780.00

Savings by Common Reserve	
Series T Separate	\$ 2,673,817
Combined	<u>1,697,812</u>
Savings	\$ 976,005



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E-mail: ambba@revenue.state.ak.us

**Instructions Memorandum
Alaska Municipal Bond Bank
Ketchikan Gateway Borough 2001 B Bond Redemption**

To: Deven Mitchell, Alaska Municipal Bond Bank
Ryan Williams, Alaska Municipal Bond Bank
Cynthia Cartledge, Wohlforth, Brecht, Cartledge and Brooking
Shirley Rich, Wohlforth, Brecht, Cartledge and Brooking
Kathleen Gylland, The Bank of New York Mellon Trust Company, N.A.
Roy Davis, The Bank of New York Mellon Trust Company, N.A.
Jill Reitz, First National Bank Alaska
Mike Houts, Ketchikan Gateway Borough
Scott Brandt-Erichsen, Ketchikan Gateway Borough
Ryan Williams, Alaska Municipal Bond Bank
David Thompson, K&L Gates
Dan Bockhorst, Ketchikan Gateway Borough
Chip Pierce, Western Financial Group, LLC

Date: May 10, 2013

In August 2001 the Alaska Municipal Bond Bank (Bond Bank) issued its 2001 Series B (AMT) Revenue Bonds in the amount of \$2,525,000 for the purpose of purchasing the Ketchikan Gateway Borough's (KGB) Airport Revenue Bonds 2001 Series B (AMT). The 2001 Series B bonds were issued with a 20 year amortization and an optional redemption date of October 1, 2011 at par.

On December 3, 2012 the Bond Bank optionally redeemed the remaining \$1,175,000 of outstanding 2001 Series B Revenue Bonds as of December 1, 2012. This transaction made the KGB loan a direct investment of the Bond Bank and the action allowed Bond Bank staff to recommend a 2012 KGB loan for approval.

On May 6, 2013 KGB Finance Director Mike Houts informed Bond Bank staff that the KGB has obtained authorization to pay off the balance of the KGB Airport Revenue Bonds 2001 Series B held by the Bond Bank. The following shall occur to facilitate the payoff.

On May 28, 2013 the KGB shall wire \$1,184,845 to the Bond Bank's Custodial Bank First National Bank Alaska with the following instructions:

Bank Name: First National Bank Alaska
Trust Department
ABA Routing Number: 125200060
Account Name: AK Municipal Bond Bank Authority Trust
Account Number: 2040209816 / 50010000

This payment represents the principal balance outstanding of \$1,175,000 plus accrued interest for April and May of 2013 of \$9,845.00 as reflected in attached analysis.

Upon verification of receipt of the wire Bond Bank Executive Director Deven Mitchell shall provide written instruction to The Bank of New York Mellon Trust Company, N.A. directing the release of the KGB Airport Revenue Bonds 2001 Series B bond.

If you have any questions related to this memo or the accompanying pages, please contact Deven Mitchell at (907) 465-3750.

SOURCES AND USES OF FUNDS

Defeasance of KGB 2001 Bonds
Payoff of KGB 2001 Bond Bank Loan

Sources:

Bond Proceeds:	
Par Amount	1,184,845.00
	<hr/>
	1,184,845.00
	<hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	1,184,845.00
	<hr/>
	1,184,845.00
	<hr/>

ESCROW REQUIREMENTS

Defeasance of KGB 2001 Bonds
Payoff of KGB 2001 Bond Bank Loan

Period Ending	Interest	Principal Redeemed	Total
06/01/2013	9,845.00	1,175,000.00	1,184,845.00
	9,845.00	1,175,000.00	1,184,845.00



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May 29, 2013

Ms. Kathleen Gyland, Vice President
The Bank of New York Mellon Trust Company, N.A.
601 Union Street, Suite 520
Seattle, WA 98101-2321

Dear Kathleen:

As detailed in the attached 2001 B Revenue Bond Instructions Memorandum, yesterday on May 28, 2013 the Ketchikan Gateway Borough wire transferred \$1,184,845 to the Bond Bank's custodial bank, First National Bank Alaska. This transfer provides for the final and complete repayment of the Ketchikan Gateway Borough's loan associated with the 2001 B Revenue Bonds of the Bond Bank.

Please release the Ketchikan Gateway Borough's Airport Revenue Bonds 2001 Series B and send the bond back to the Borough at:

Ketchikan Gateway Borough
Attn: Michael J. Houts, Finance Director
1900 First Avenue, Suite 118
Ketchikan, AK 99901

ALASKA MUNICIPAL BOND BANK

By 
Name: Deven Mitchell
Title: Executive Director



333 Willoughby Avenue, 11th floor
P.O. Box 110405
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E-mail: ambba@revenue.state.ak.us

May 30, 2013

Ms. Kathleen Gyland, Vice President
The Bank of New York Mellon Trust Company, N.A.
601 Union Street, Suite 520
Seattle, WA 98101-2321

Dear Kathleen:

This letter provides authority to issue a conditional call notice on the \$1,245,000 of outstanding Bond Bank 2002 A Revenue Bonds. The call notice should be dated June 5, 2013 and be released after verification from Western Financial Group that the pricing of the 2013 Series Two bonds of the Bond Bank has concluded.

The call date that is being targeted is July 5, 2013.

ALASKA MUNICIPAL BOND BANK

By 

Name: Deven Mitchell

Title: Executive Director



333 Willoughby Avenue, 11th floor
P.O. Box 110405
Juneau, Alaska 99811-0405

Tel (907) 465-2388
FAX (907) 465-2902
E-mail: ambba@revenue.state.ak.us

July 12, 2013

Ms. Kathleen Gyland, Vice President
The Bank of New York Mellon Trust Company, N.A.
601 Union Street, Suite 520
Seattle, WA 98101-2321

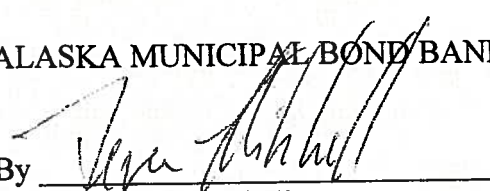
Dear Kathleen:

Please wire transfer the entire balance of the 2002 A Revenue Bond Reserve of the Bond Bank, approximately \$627,619, to the Bond Bank's custodial bank, First National Bank Alaska on July 16, 2013.

Wire transfer through the Federal Reserve wire transfer system with the following instructions:

Bank Name: First National Bank Alaska
Trust Department
ABA Routing Number: 125200060
Account Name: AK Municipal Bond Bank Authority Trust
Account Number: 2040209816 / 50010000

ALASKA MUNICIPAL BOND BANK

By 
Name: Deven Mitchell
Title: Executive Director

ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801
907.789.3178 • FAX 907.789.7128 • www.ermcpa.com

June 17, 2013

Alaska Municipal Bond Bank Authority
PO Box 110405
Juneau, AK 99811

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will perform the following services:

We will compile, from information you provide annual financial statements of Alaska Municipal Bond Bank as of June 30, 2013 and quarterly financial statements as of September 30, 2013, December 31, 2013 and March 31, 2014.

The objective of a compilation is to assist you in presenting financial information in the form of financial statements. We will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America. Management has elected to omit substantially all of the disclosures (and the statement of cash flows) required by accounting principles generally accepted in the United States of America for its financial statements prepared on a quarterly basis as of September 30, December 31, 2013 and March 31, 2014.

You are responsible for:

- a) The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- b) Designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
- c) Preventing and detecting fraud.
- d) Identifying and ensuring that the company complies with the laws and regulations applicable to its activities.
- e) Making all financial records and related information available to us.

We are responsible for conducting the engagement in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the company's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion or provide any assurance regarding the financial statements being compiled.

Sincerely,

ERM

Elgee Rehfeld Mertz, LLC

Acknowledged:

This letter correctly sets forth the understanding of Alaska Municipal Bond Bank.

Management:

Signature

Title

Date

Board Member:

[Signature]

Signature

CHAIR

Title

6/20/13

Date