

**ALASKA MUNICIPAL BOND BANK
AUTHORITY**

BOARD OF DIRECTOR'S MEETING

**TO BE HELD AT
State Office Building Commissioner's Conference Room
333 Willoughby, 11th Floor
Juneau, Alaska**

October 10, 2013

10:00 A.M.



AGENDA FOR BOARD OF DIRECTOR'S MEETING

State of Alaska Department of Revenue 333 Willoughby Avenue

11th Floor Commissioner's Conference Room

October 10, 2013 at 10:00 a.m.

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of the August 28, 2013 Meeting of the Board of Directors**
- VI. General Business**
 - A. Loan Application – Kenai Peninsula Borough**
 - B. Resolution 2013-04 – Amended and Restated authorizing the Issuance of 2013 Three Series Bonds**
 - C. Resolution 2013-05 – direct loan to King Cove**
 - D. Executive Director's Report**
- VII. Public Comments**
- VIII. Board Comments**
- IX. Adjournment**

The Alaska Municipal Bond Bank Authority will hold a meeting in the State of Alaska, Department of Revenue, 333 Willoughby Ave, 11th Floor Commissioner's Conference Room, Alaska, on October 10, 2013 at 10 a.m. The meeting will include, but is not limited to, the following agenda items:

Kenai Peninsula Borough Loan Request
Resolution 2013-04 Amended and Restated - authorizing the issuance of 2013 Three
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 September 27, 2013
Deven Mitchell, Executive Director

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Notice of Meeting - Alaska Municipal Bond Bank Authority

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Attachments

None

Revision History

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Details

Department:	Revenue
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Location(s):	Statewide
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OFFICIAL MINUTES for the BOARD OF DIRECTORS MEETING

ALASKA MUNICIPAL BOND BANK AUTHORITY

August 28, 2013

I. CALL TO ORDER

Mark Pfeffer called the meeting to order on May 2, 2013 at 11:05 a.m. Members participated at Offices of the Samuel Simmonds Memorial Hospital, 1296 Agvik Street, Barrow, Alaska and by telephone.

II. ROLL CALL

Present- Luke Wells

Deven Mitchell

Pam Leary (DOR 2nd delegate via phone)

Ted Leonard (DCCED 1st delegate via phone)

Mark Pfeffer

Greg Gurse

OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht, Cartledge & Brooking
- Chip Pierce, Financial Advisor, Western Financial Group
- Ryan Williams, Operations Research Analyst, Alaska Bond Bank
- Via phone
- Holly Welles, Bond Counsel, Birch Horton Bittner & Cherot
- Cynthia Weed, Bond Counsel, KL Gates
- Gary Henigh, Manager, City of King Cove
- John Urbina, Key Capital
- Geoff Urbina, Key Capital

- Laura Janke, RBC Capital
- David Thompson, KL Gates
- Bob Bartholomew, Finance Director, City & Borough of Juneau
- Jay Sweeney, Finance Director, City & Borough of Sitka

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. Election of Officers

Mr. Mitchell explained that it was the first meeting of FY 2014 and per statute officers must be elected. FY 2013 officers were Mark Pfeffer - Chairman, Luke Welles – Vice Chairman, Deven Mitchell – Secretary-Treasurer, & Pam Leary – Deputy Secretary-Treasurer. Mr. Gurse moved reappointment of the FY 2013 officers to FY 2014 and Ms. Leary seconded. The motion was approved without objection.

VI. MINUTES of 5/2/2013 Board of Directors Meeting

Ms. Cartledge declared that there were two typos in the minutes. The first on page 4 in the final paragraph the reference to the City of Palmer should be the City of Homer. The second correction was in neat the top of page 5, mandatory should be amendatory. Mr. Welles moved approval of the amended minutes of the May 2, 2013 Bond Bank Board of Directors Meeting and Mr. Leonard seconded. Without objection, the amended minutes were approved.

VII. GENERAL BUISNESS

City & Borough of Juneau Loan Request

Mr. Pierce presented an overview of the general obligation bond loan request to the Board. The City & Borough of Juneau (CBJ) submitted an application for

\$8.1million for completion of the construction of Auke Bay Elementary School. The requested term of the loan is 10 years. The security for the loan comes from a general obligation pledge of property taxes levied in the CBJ. Total Bond Bank Annual Debt Services with the Borough including the proposed loan is \$12.1 million, which compared to the Borough's state-shared revenues of \$93.2 million provides coverage of 7.75 times. The loan is eligible for participation in the State's School Debt Reimbursement Program at a rate of 70%. Estimated Borrower Savings were calculated to be 577,000 gross, and 469,000 on a present value basis. Mr. Pierce then highlighted additional details on the Auke Bay School construction project. He reviewed the trend in CBJ's financial position including general fund revenue sources, property tax collection trends and ending fund balances. Finally he reviewed future capital plans, state intercept revenue, estimated borrower savings and the CBJ statement of no litigation. Given his analysis Mr. Pierce recommended Board approval of the loan. Mr. Gursey made a motion to approve the \$8.1 million general obligation loan for the City & Borough of Juneau, Mr. Welles seconded the motion. The motion passed with five yes votes.

Lake & Peninsula Borough Loan Request

Mr. Pierce presented an overview of the general obligation bond loan request to the Board for \$20 million from the Lake & Peninsula Borough (LPB). The Bond Bank loan will be used to fund school infrastructure projects. The term of the loan is 20 years. The security of the loan is a general fund revenue pledge of LPB. Total state shared revenue of \$9.4 million results in coverage of about 3.75 times on total LPB annual bond payments of \$2.5 million. The estimated borrower savings is 1.43 million. A no-litigation letter has been received. Mr. Piece summarized the LPB financial position including the general fund revenues, general fund balance, and reserve balances over the last 3-4 years. He mentioned that the project is eligible for reimbursement at a rate of 70% through the State's School Debt Reimbursement Program. Following questions Mr. Welles made a motion to approve the \$20 million general obligation loan to the LPB for school improvement projects and Mr. Gursey seconded the motion. With a tally of five yes votes the motion passed.

City & Borough of Sitka Loan request

Mr. Pierce presented a review of the revenue bond loan request from the City of Sitka for improvements to their electric system and the next draw on their

approved loan in the amount of \$27 million. The term of the loan is 35 years, secured by the electric system revenues. The most recent annual pledged revenues were approximately \$4.29 million and FY 2014 forecast pledged revenue is \$6.42 million. Estimated debt service on the proposed loan and other debt of the enterprise is \$5.63 million, which results in estimated coverage of 1.38 times. Most recent state shared revenues are \$71.5 million, resulting in debt service coverage on the Borough's \$10.95 million of total annual debt service of 6.53 times. Estimated borrower savings of \$14.22 million dollars with a present value of \$6.87 million are expected due to Bond Bank participation in the loan. A no litigation letter has not been received. Mr. Pierce described the electric utility fiscal performance over the last 5 years and summarized the project. He discussed the rate increase process of the Borough to allow the additional bond issuance and that the Borough needs to obtain a report from a qualified consultant to demonstrate that the additional bonds test related to the forecast debt service coverage has been met. Sitka Finance Director and Acting Administration Jay Sweeney indicated that the assembly will be considering the rate increase at their next meeting and that A. Dashen and associates will be providing the rate sufficiency report once rates are effective. Mr. Pierce recommended the loan for Board approval. Luke Welles moved that the original loan application be re-approved and the additional \$27 million loan be specifically authorized subject to receiving the no litigation letter and the certification of an expert consultant on rate sufficiency. Mr. Gursey seconded the motion. With five yes votes the motion passed.

City of King Cove Loan Request

Mr. Pierce presented a review of the revenue bond loan request from the City of King Cove for improvements to their electric system. The term of the loan is 25 years, secured by the electric system revenues. The most recent annual pledged revenues were approximately \$403 thousand, estimated annual debt service was \$207 thousand, resulting in estimated coverage of 1.94 times. The most recent state shared revenues are \$1.429 million, resulting in coverage on the City's \$312 thousand of total annual debt service of 4.59 times. Estimated borrower savings of \$407 thousand dollars with a present value of \$304 thousand are expected due to Bond Bank participation in the loan. A no litigation letter has not been received. Mr. Pierce described the electric utility fiscal performance over the last 4 years and summarized the project. He reviewed the security for the revenue pledge and the covenants. Mr. Mitchell then discussed a recent development

with the project's estimated cost escalating by approximately 30% or \$1.4 million. Per Bond Bank policy a City must have full funding for a project for which a loan is requested. Mr. Mitchell indicated that the City must be in a position where they declare that they will obtain the additional funding anticipated to be required at this time through whatever means required including increasing rates of the utility and borrowing additional funds. Mr. Henigh discussed the City's willingness to prioritize finances for the project. He described the various funding options available to the City and that the City would borrow additional fund if needed. Mr. Mitchell suggested that the City could elect to delay the project up until early to mid-October to allow time to identify other funding opportunities. Mr. Pierce recommended the loan for Board approval. Luke Welles moved the approval of up to \$3.1 million to the City of King Cove be authorized subject to receiving the no litigation letter and the certification of full funding through increased borrowing or grant sources. Mr. Gurse seconded the motion. With five yes votes the motion passed.

Resolution 2013-04 authorizing the issuance of 2013 Three Bond Issue

Ms. Cartledge introduced resolution 2013-03, authorizing the issuance of a principal amount of not to exceed \$80 million dollars in General Obligation Bonds. This bond issue will provide for four purposes: 1. to make a loan to the City & Borough of Sitka for their electric utility, 2. to make a loan to the City & Borough of Juneau for school construction, 3. To make a loan to the Lake & Peninsula Borough for school construction, 4. to make a loan to the City of King Cove for their electric utility, 6. To fund up the 2005 reserve fund with bond proceeds. The bonds will be sold on a negotiated basis, the senior underwriter will be RBC Capital, and 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, and the preliminary official statement. Ms. Cartledge noted that the bonds are expected to close November 14, 2013. Mr. Mitchell highlighted that the Resolution allows for appointment of co-managing underwriter. As there has been designation by two of the larger borrowers of RBC Capital it has thrown the Bond Bank off the normal underwriter rotation. The issue is whether to allow Morgan Stanley to act as co-manager again or to use KeyCapital. The Board recognized that the authority to appoint co-managers was designated by the Resolution. Amendments were made to Section 203 to allow for a May 1, 2014 maturity date, Section 210 to increase the not to exceed interest rate to 6%, Section 301 to reduce the amount of the loan to Sitka to an amount not to exceed \$27 million, and to

Section 301 to increase the amount of the loan to the City of King Cove to \$3.1 million. Mr. Gursey made a motion to approve Resolution 2013-04 with the four amendments previously heard and Mr. Welles seconded the motion. The motion passed with five yes votes.

Post Sale Summary 2013 Two Bond Issue

Mr. Pierce discussed the summary of the sale of the 2013 Two Series One and Two Bonds. The bonds were sold by negotiated sale to JP Morgan as senior manager and Morgan Stanley as co-manager on June 4, 2013. The true interest cost achieved on the 11.84 year average life bonds was 3.4%. The bonds compare relatively well with recent sales as compared to the MMD scale of the day, in particular the longer dated bonds. Mr. Mitchell complimented JP Morgan for their handling of a lack of demand on the Series Two bonds (tax exempt due to qualified 501(c)(3) status, by terming up the maturities that were undersold. This allowed the scale on the Series One bonds to hold rather than escalate with the Two's. The transaction generated an estimated \$6,977,854 of savings for the five communities. Closing took place on June 19, 2013.

Executive Directors Report

- Mr. Mitchell mentioned the FY 2013 results for the bonds bank saving approximately \$19,555,611 for communities.
- Mr. Mitchell noted that the City of Ketchikan has asked to bring their reserve requirement into compliance with tax law. The effect of the shift will be approximately a \$976,000 reduction in the reserve requirement and is allowed with consent of the Bond Bank.
- Mr. Mitchell notified the Board that the Ketchikan Gateway Borough had optionally redeemed the 2001 Series B airport revenue bonds that the Bond Bank had taken on as a direct investment in December. The Borough's May 28, 2013 transfer was deposited in the custodial account.
- Mr. Williams reported that he and Mr. Mitchell had visited with USDA staff earlier in the year to identify potential refinancing candidates. Three community loans were analyzed and the King Cove loan refinancing is part of the 2013 Three transaction. He indicated that staff will continue to monitor the remaining loans for refinancing opportunities in the future.
- Mr. Mitchell announced that the Bond Bank's website has been renovated and encouraged board review.
- Mr. Mitchell declared that on May 10, 2013 a RFP for Financial Advisor services was released. Two proposals were received, and the evaluation committee of Greg Gursey, Deven Mitchell and Ryan Williams

unanimously selected Western Financial Group as the successful candidate.

- Mr. Mitchell reported that he had travelled to Sitka on August 20 to review the Blue Lake Project. He was able to see the work at the dam site, the Blue Lake powerhouse, and the new diesel generator sites.
- Mr. Mitchell stated that he believed that it was worthwhile to consider a statutory amendment for the Bond Bank. The change would involve AS 44.85.270(h) and changing the final sentence to allow any earnings to become part of the Bond Bank's reserve fund rather than transfer back to the general fund. The Bond Bank has been successful at obtaining appropriation of these earnings to the reserve fund since 2008 and the accounting effort required to track two classes of funds has become burdensome. In addition the debt ceiling of the Bond Bank is again close enough that it is worth requesting an increase of \$250 million.

VIII. PUBLIC COMMENTS

None.

IX. BOARD COMMENTS

There were none.

X. ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection.

Mark Pfeffer, Chairperson

Alaska Municipal Bond Bank
Application Credit Review Summary Page

Applicant:	Kenai Peninsula Borough
Loan Amount:	Not to exceed \$22,987,000
Project Type:	School facility improvements
Project Description:	The Borough will apply the proceeds of the Bond Bank loan toward the replacement of roofs on school facilities throughout the Borough. Additionally, the loan will be used to upgrade the turf at Homer High School.
Term of Loan:	20 years
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$30,625,274 (General Fund) \$50,485,761 (Total Property Tax Collections)
Estimated Annual Debt Service:	\$1.7 million
Total Bond Bank Annual Debt Service:	\$9.1 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$149.3 million
Debt Service Coverage of AMBB DS from SSR:	16.4x
Loan Subject to State Debt Service Reimbursement:	Yes (at a 70% rate)
Estimated Borrower Savings (Gross):	\$1.54 million
Estimated Borrower Savings (Present Value):	\$917 thousand
No Litigation Letter Received:	Yes

Loan Application Evaluation

Kenai Peninsula Borough

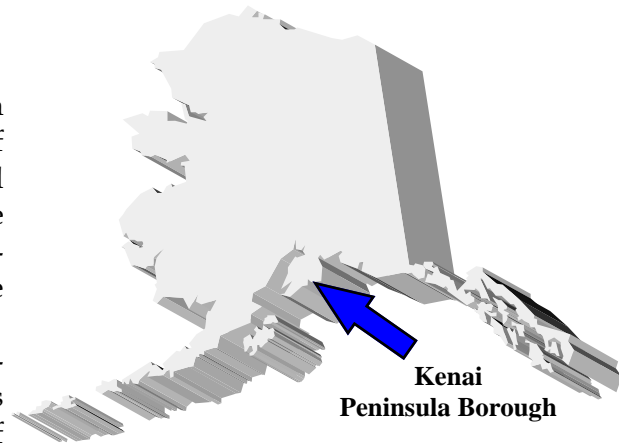
Introduction

Kenai Peninsula Borough (the "Borough") has submitted an application to the Alaska Municipal Bond Bank Authority (the "Bond Bank") for a General Obligation Bond Loan totaling approximately \$23,000,000. The Borough will use its loan toward the replacement of roofs on school facilities throughout the Borough. Additionally, the loan will be used to upgrade the turf at Homer High School. We have completed our review of this application and following is our overview of this project and the security provisions associated with the loan.

The Project

A study conducted for the Borough in 2010 determined that a large number of school roofs throughout the Borough had reached the ends of their useful lives. The Borough embarked on a major roof replacement effort in 2010, and the 2013 loan will be a continuation of that effort.

Borough voters approved the issuance of general obligation bonds for this project on October 1, 2013 by a margin of 57% to 43%.

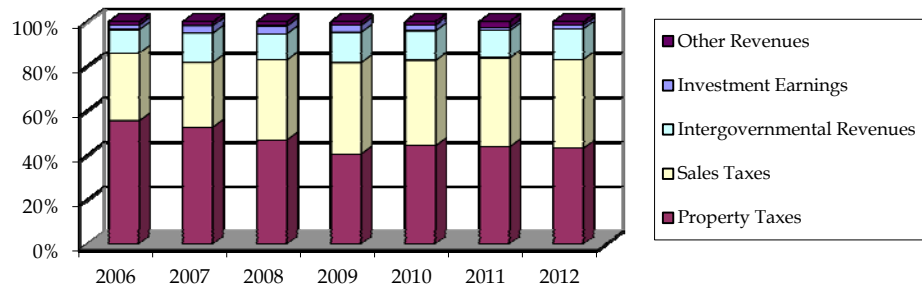


Borough Financial Position

The Borough's General Fund derives its revenues primarily from property taxes (43.1% in fiscal year 2012) and sales taxes (39.9% in 2012). Intergovernmental revenues made up 13.7% of General Fund revenues in 2012.

The graph on the below presents the Borough's stable General Fund revenue distribution over the past seven fiscal years. The graph shows that property taxes have consistently been the primary source of General Fund revenue, accounting for slightly less than one half of General Fund resources

Kenai Peninsula Borough
General Fund Sources 2006 - 2012



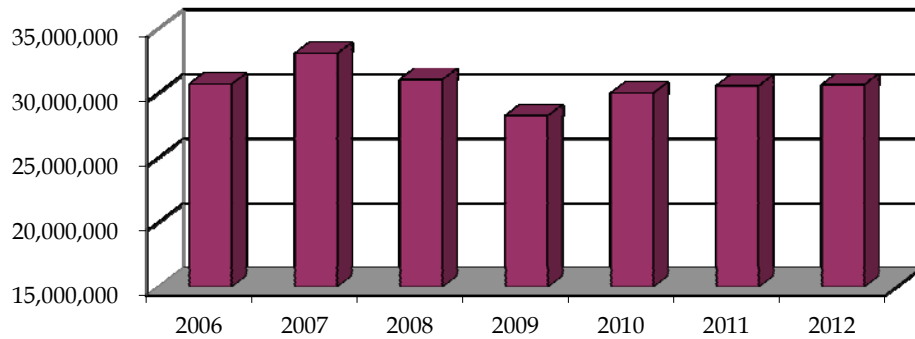
over the past seven years. Sales taxes are next in importance, averaging approximately 37% during that period. Intergovernmental revenues have averaged 13% over those years.

For several years the combination of property taxes and sales taxes have accounted for approximately 80% of the Borough's General Fund revenue sources. Over the past decade the Borough sales tax revenues have increased as a percentage of total General Fund revenues, while property taxes have declined as a percent of the total General Fund.

The graph to the right demonstrates that the primary source of general fund revenues, property taxes, were at their maximum in recent years in fiscal year 2007 when collections exceeded \$33 million.

The subsequent decline in the Borough's property tax collections reflects the reduction in property tax rates from 6.5 mils in 2007 to 5.5 mils in 2008 and then to 4.5 mils in 2009. Property tax rates peaked in the Borough at a level of 8.59 mils in fiscal year 1996.

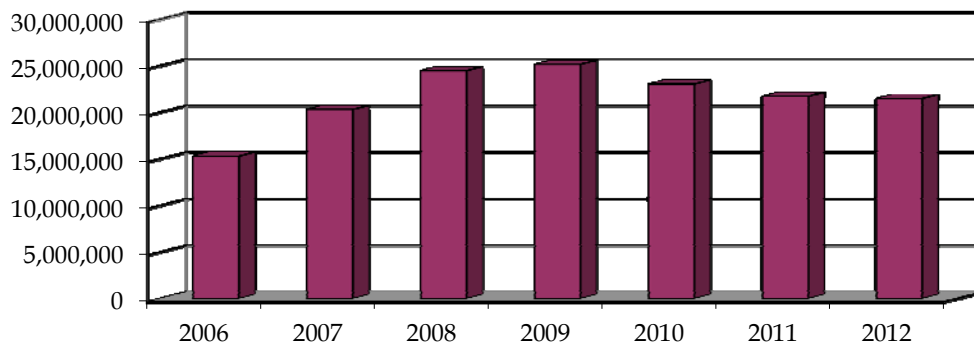
**Kenai Peninsula Borough
Property Tax Collections 2006 - 2012**



In 2001 the Borough established a fund balance policy. At that time, the Borough determined that the General Fund balance was in excess of the policy maximum, which led to the property tax rate declines described above. In January 2008 at the same time that the property tax rate was dropped from 6.5 mils to 5.5 mils, the Borough increased the sales tax rate from 2% to 3%. As a result, the General Fund balance grew from \$15.3 million at the end of 2006 to \$25.1 million at the end of 2009. The General Fund balance has subsequently declined to approximately \$21.5 million at the end of 2012. At this level, the General Fund year end balance is 30.1% of General Fund expenditures and transfers, within the Borough policy range of between 30% and 50%.

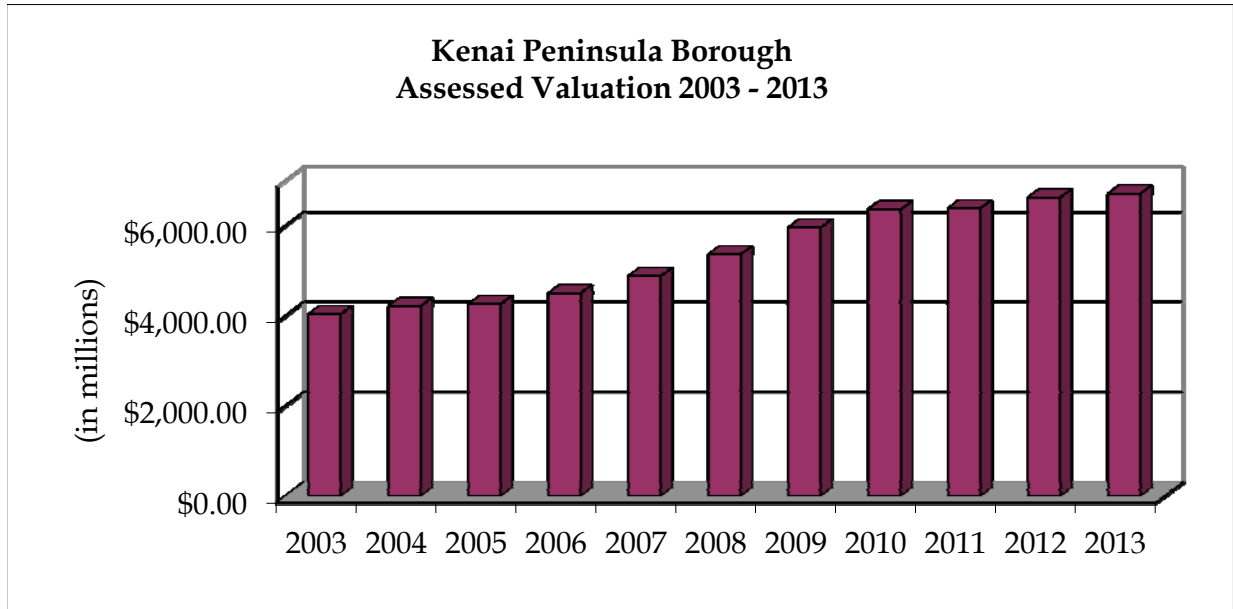
The assigned and unassigned fund balance for 2012, not including the amount that was budgeted for 2013 expenditures, was \$20.3 million. This compares to the 2011 amount of \$18.2 million. This represents 28.4% of the total General Fund expenditures and transfers balance, which compares to 25.3% as of June 30, 2011. The graph below presents the General Fund year-end balance for fiscal years 2006 through 2012.

**Kenai Peninsula Borough
Ending Fund Balance 2006 - 2012**



Security Pledge

The full faith and credit and taxing ability of the Borough is pledged to the Bond Bank loan. The taxable value of the Borough is \$6.7 billion. The graph below presents the assessed value Borough over the past 11 years.



The Borough will pledge its general obligation secured by property taxes to the Bond Bank for this loan. Borough voters approved the bonds at a general obligation bond election that passed on October 1st, 2013.

Assessed value in the Borough has grown at an average of 5.2% annually over the past ten years, although that rate has slowed to slightly over 1% over the past four years.

With the issuance of the Bond Bank's 2013 Series Three Bonds, the Borough will have approximately \$96.4 million of general obligation bonds outstanding to the Bond Bank, including the bonds of service areas within the Borough. This includes \$480 thousand of bonds issued under the 1976 General Obligation Bond Resolution and \$95.9 million of bonds under the 2005 General Obligation Bond Resolution. The proposed loan will mature in 20 years.

Future Capital Plans

Borough staff report that a request for Solid Waste bonds in the amount of approximately \$6,000,000 is expected to be submitted to the voters in 2017. These bonds would be repaid over a 6 year period and would be for development of a new cell at the Central Peninsula Landfill. Central Emergency Services (CES) is projecting that in FY2019 it will be remodeling Station #1. The estimated cost is approximately \$6,000,000 with funding to be provided from debt issuance. These bonds would be the responsibility of the Service Area.

The Central Kenai Peninsula Hospital Service Area is proposing to issue revenue bonds for the construction of a medical office building in 2014. Preliminary cost estimates are approximately \$43,000,000 with construction scheduled to begin in spring of 2014 with completion in 2016.

State-Aid Intercept

In addition to the general obligation pledge by the Borough, the Bond Bank has the ability to intercept state-shared revenues that will otherwise flow to the Borough. The table below summarizes the revenues subject to intercept, along with the maximum annual debt service on Borough's bonds.

Shared Taxes and Fees	\$1,473,978
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$2,055,727
Education Support Funding	\$85,783,122
Matching Grants	\$56,141,466
Community Jails	\$0
Revenue Sharing	\$3,838,645
Total Revenue Subject to Intercept	\$149,292,938
Maximum Annual Debt Service	\$9,107,684
Debt Service Coverage	16.39

Estimated Borrower Savings

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$1.54 million or \$917 thousand 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

Accompanying the application from the Borough is a letter from Collette Thompson, the Borough Attorney, stating that "there is no litigation pending or threatened affecting the corporate existence of Borough... or seeking to restrain or enjoin the issuance, sale or delivery the Bonds, or the rights of the Borough to levy or collect taxes pledged to pay the principal of and interest on the Bonds, ... or in any way contesting or affecting the validity or enforceability of the Bonds or the Loan Agreement between the Borough and the Bank..."

Summary

Based on our assessment, the security offered by Borough, as set forth in the Borough's loan application and supplemental materials, provides sufficient security to justify approval of the application. The Borough's General Fund has diverse revenue sources, the Borough maintains high fund balances and the Bond Bank's ability to intercept Borough revenues adds significantly to the security of the loan.

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



Chip Pierce

Kenai Peninsula Borough Economic and Demographic Information

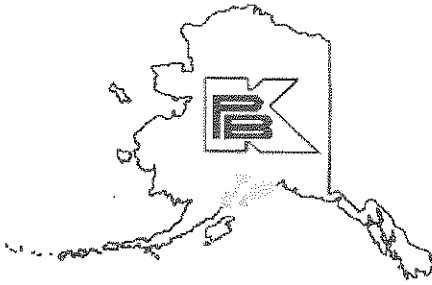
The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 miles. The Borough is located in the south central part of the state of Alaska. The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class boroughs provide certain services on an area-wide basis to all taxpayers. All other services must be approved by a majority of voters who are to receive the services. This gives taxpayers control over the type and level of services they receive and pay for. Currently, the Borough provides the following area-wide services: assessment and collection of property taxes and sales tax collection for the Borough and cities within the Borough, planning, solid waste disposal, education, senior citizen funding, post secondary education, 911 emergency communications, emergency management and general administrative services. Other services provided by the Borough include fire protection, hospital services, emergency medical and ambulance services, recreation, senior citizen funding, road maintenance, economic development, tourism promotion, and special assessment authority for utility line extensions and road improvement districts. The Borough also has non-area-wide port and harbor powers that are not currently exercised. Funding for the Borough, by order of financial significances, is provided from property tax, sales tax, state revenue, federal revenue, interest earnings, and other sources.

The Borough is home to 8 percent of Alaska's population and 6 percent of its employment. More than 56,000 people live in the Borough. Kenai is accessible by the Sterling Highway to Anchorage, Fairbanks, Canada and the lower 48 states. Scheduled and charter airlines and helicopter services are provided. Ocean-going freighters can be tendered at Seward, Homer and Kenai.

The Borough supports a diverse economy. Employment is concentrated in local government, retail trade, leisure and hospitality, natural resources and health care. Together they represented most of the Borough's employment in 2012.

The Borough economy has experienced consistent, gradual growth since the late 1980's. Borough-wide, the general government property tax rate decreased from 8.59 mills in FY1996 to 4.5 mills in FY2009, where it has remained. The Borough has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales reported in fiscal year 2013 within the Borough were \$987,364,000, an increase of 1.9% from the prior year, but a 12.4% increase from 2010, when the Borough felt the results of the recession that impacted the state and the rest of the nation. Sales tax continues to generate a larger portion of the Borough's revenue; in 1998, sales tax revenue represented 21% of total general fund revenues; in 2013, sales tax revenues are projected to represent almost 41%. It should be noted that the sales tax rate went from 2% to 3% effective January 1, 2008, which also allowed for a reduction in property tax rates to its current rate of 4.5 mills.

Oil and gas continues to play a vital role in the Borough's economy, although the players are changing. Large national and multinational companies are being replaced by independents, which has resulted in a resurgence in exploration and production. New players include Buccaneer Energy, Cook Inlet Energy and Hilcorp Energy, which purchased the assets of Chevron in 2012 and Marathon Oil in 2013. This has led to new wells in the Anchor Point and Kenai area, jack up rigs being used throughout Cook Inlet, along with increased exploration in other areas of the Borough, resulting in an increase in assessed value for oil and gas properties. Assessed values for oil and gas properties increased from \$703 million for 2010, to \$989 million in 2013. Increased oil and gas exploration has also had an impact on the Borough's unemployment rate. The unemployment rate has decreased from 10.0% in 2010; to 9.4% for 2011; to 8.4% for 2012, and to 7.7% through July 2013.



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441

PHONE: (907) 262-4441 • FAX: (907) 262-1892

www.borough.kenai.ak.us

MIKE NAVARRE
BOROUGH MAYOR

October 4, 2013

Deven Mitchell, Executive Director
Alaska Municipal Bond Bank
P.O. Box 110405
Juneau, Alaska 99811-0405

Wohlforth, Johnson, Brecht, Cartledge & Brooking
900 W. 5th Avenue, Suite 600
Anchorage, Alaska 99501

Ladies and Gentlemen:

I am the Borough Attorney for the Kenai Peninsula Borough (the "Borough"). This opinion is given in connection with the issuance and sale by the Borough of its \$22,987,000 General Obligation Bonds 2013 (the "Bonds") for capital improvements. If the Borough enters into a loan agreement with the Bond Bank then the Bonds would be sold through the Alaska Municipal Bond Bank (the "Bank") pursuant to that Loan Agreement between the Bank and the Borough (the "Loan Agreement").

I am of the opinion that:

1. There is no litigation pending or threatened:

A. affecting the corporate existence of the Borough, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or the rights of the Borough to levy and collect taxes pledged to pay the principal of and interest on the Bonds, or pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds or the Loan Agreement between the Borough and the Bank, or the resolution providing for the issuance and sale of the Bonds by the Borough, or contesting the power of the Borough or its authority with respect to the Bonds; or

B. against the Borough or involving any of the property or assets of or under the control of the Borough which, whether individually or in the aggregate involves the possibility of any judgment or uninsured liability which may result in any material change in the revenues, properties, or assets, or in the condition, financial or otherwise, of the Borough.

2. The Borough is duly organized and legally existing under the laws of the State of Alaska.

Sincerely,

Colette Thompson
Borough Attorney



Application for General Obligation Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

I. General Information			
A. Name of Governmental Unit (Applicant):			
Kenai Peninsula Borough			
B. Type of government (home rule, first class, authority, etc.):			
Second Class Borough			
C. Contact Person for the government:			
Name:	Title:		
Craig Chapman	Finance Director		
Address:	City:	State:	Zip:
144 N Binkley St	Soldotna	AK	99611
Phone:	Fax:	E-mail:	
(907) 714-2171		cchapman@borough.kenai.ak.us	
D. Applicant's Bond Counsel:			
Name:		Title:	
Wohlforth, Johnson, Brecht, Cartledge, and Brooking			
Address:		City:	State: Zip:
900 W 5th Ave		Anchorage	AK 99501
Phone:		E-mail:	
(907) 276-6401			
E. Applicant's Financial Advisor or Underwriter (if applicable):			
Name:		Title:	
N/A			
Address:		City:	State: Zip:
Phone:		E-mail:	

II. Issue Information

A. Total amount of bond purchase request:

Approximately _____

\$22,987,000

B. Total term of requested loan:

20

C. Preferred principal and interest payment months:

_____ principal
/interest

_____ interest
only

D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition.

Attachment # 1

If a bond election has been held, provide the votes for and against the issue(s):

Yes:	No:	Percent of registered voters casting ballots:
_____	_____	_____

Does the municipality intend to pledge any specific assets or taxes in addition to property tax?

No

E. Will you need interim financing?

No

1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:
_____	_____	_____	_____

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing. Attached None

None

F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.

Attachment #2

- Are engineering and specifications completed? Yes No
- If not, when are they projected for completion? Spring 2014
- Have construction bids been awarded? Yes No Spring 2014
- Are there additional state or local approvals required? Yes No
- Describe timing/scheduling plan: Attachment #2

6. What is the projected completion date?

2016

G. Sources of uses of funds

Sources of Funds		Uses of Funds	
Bonds (this application)	\$22,987,000	Construction	\$18,749,197
Federal Funds*	\$ _____	Engineering	\$2,034,410
State Funds*	\$ _____	Contingency	\$774,459
Applicant's Funds	\$ _____	Cost of Issuance	\$163,000
Other (specify)	\$ _____	Other	\$1,265,934
Total:	\$22,987,000	Total:	\$22,987,000

*If federal or state funds are involved, provide a complete description of the status and uses of these funds.

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:

All eligible cost of the project would be charged to bond proceeds

III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. Attachment # 3

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? Yes No No
 If yes, provide amount of financed, purpose and principal amount outstanding. \$ _____

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects? Yes No No
 If yes, please attach details. Attached

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? Yes No No
 If yes, please attach an explanation. Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds? Yes No No
 If yes, please attach an explanation. Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued. Attached. None

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy. Attached Attachment # 4

H. Give a brief summary of your local economy. Include major industries and their projections. Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.) Attached Attachment # 5

Are any of the community's major employers expected to make changes in work force or operations? No
 If yes, provide an explanations. Attached

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

Year	Population	Source
July 1, 2012	56,756	Alaska Department of Labor
July 1, 2011	56,369	Alaska Department of Labor
July 1, 2010	55,400	Alaska Department of Labor
July 1, 2009	53,578	Alaska Department of Labor
July 1, 2008	52,990	Alaska Department of Labor

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. Attached Attachment # 6

M. Provide your audited financial statements from the last two years. Attachment # 7

N. Provide your current year's budget.

Attachement # 8

O. Provide your capital improvement plan.

Attachement # 9

P. Provide any other financial or economic information that will assist evaluation of your application. Attached

IV. Legal Information

- A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened in any court
1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant 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 way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or
 2. against your government or involving any of the property or assets of or under the control of your government, which, whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.
- B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.
- C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

Attachment # 10

The facts and representations in this application and all attachments are true and accurate in all respects and no material facts are omitted to the best of my knowledge

Craig C Chapman

Name (print)

Kenai Peninsula Borough, Finance Director

Title

Craig C Chapman

Signature

9/10/13

Date of Application

Please return all applications to:

Deven Mitchell

Alaska Municipal Bond Bank Authority

Department of Revenue

PO Box 110405

Juneau, AK 99811-0405

(907)465-2388 phone

(907)465-2389 fax

deven_mitchell@revenue.state.ak.us

**ALASKA MUNICIPAL BOND BANK
AMENDED AND RESTATED
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 (the "Board") 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 determined that it was necessary and required that the Bank issue 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; and

WHEREAS, by Resolution No. 2013-04 the Board authorized the issuance of the 2013 Series Three Bonds at its meeting held on August 28, 2013; and

WHEREAS, a governmental unit, the Kenai Peninsula Borough, Alaska ("Kenai"), subsequently requested a loan from the Bank; and

WHEREAS, the Bank determined it was in its best interest to make the loan to Kenai from proceeds of the 2013 Series Three Bonds by amending and restating Resolution No. 2013-04;

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 amended and restated 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, (d) by and between the Bank and the City of King Cove, Alaska, and (e) by and between the Bank and the Kenai Peninsula Borough, 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 \$85,000,000. 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 August in the respective principal amounts, as set forth on the next page:

[Remainder of page intentionally left blank.]

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>
2014	\$1,465,000	2032	\$4,395,000
2015	2,390,000	2033	4,625,000
2016	2,450,000	2034	1,345,000
2017	2,525,000	2035	1,420,000
2018	2,600,000	2036	1,485,000
2019	2,695,000	2037	1,565,000
2020	2,735,000	2038	1,645,000
2021	2,855,000	2039	1,540,000
2022	2,960,000	2040	1,615,000
2023	3,085,000	2041	1,695,000
2024	2,220,000	2042	1,785,000
2025	2,335,000	2043	1,875,000
2026	2,450,000	2044	1,975,000
2027	2,580,000	2045	2,080,000
2028	2,710,000	2046	2,180,000
2029	2,850,000	2047	2,295,000
2030	2,995,000	2048	2,400,000
2031	4,180,000		

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 August 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 February and August (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-Five Million and No/100 Dollars (\$85,000,000.00), the true interest cost on the 2013 Series Three Bonds shall not exceed six percent (6%), 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 \$27,000,000, 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 \$3,100,000 to be used to finance, and refinance, hydroelectric capital improvements; (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; and (v) Loan to the Kenai Peninsula Borough,

Alaska, in the principal amount not to exceed \$22,987,000 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 an amended and restated series resolution of the Bank, adopted October __, 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__

Year Sinking Fund Requirement

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 October 10, 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 amended and restated 2013 Series Three Resolution shall take effect immediately on the date hereof (October 10, 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. Heaney

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 amended and restated Series Resolution No. 2013-04 adopted on October __, 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.

\$76,775,000*

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 \$76,775,000* principal amount of General Obligation Bonds, 2013 Series Three (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 February 1 and August 1, commencing August 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

KeyBanc Capital Markets Inc.

* - Preliminary, subject to change.

\$76,775,000*
Alaska Municipal Bond Bank
General Obligation Bonds
2013 Series Three

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Due August 1	Amounts	Interest Rate	Yield	CUSIP Number⁽¹⁾ 011798	Due August 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				
					2048				

\$ _____ % Term Bond due August 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
(Pamela Leary - 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.

TABLE OF CONTENTS

Page

Introduction	
Purpose of the 2013 Series Three Bonds	
Authorization and Purpose	
Sources and Uses of Funds	
Refunding Plan	
Description of the 2013 Series Three Bonds	
General Description	
2013 Series Three Bonds	
Optional Redemption	
Mandatory Redemption	
Notice of Redemption	
Selection of 2013 Series Three Bonds for Redemption	
Security for the 2013 Series Three Bonds	
General	
Pledge Effected by the 2005 General Bond Resolution	
Municipal Bonds	
2005 General Bond Resolution Reserve Fund	
State Payments	
Pledge of the State	
The Alaska Municipal Bond Bank	
Organization	
Board of Directors	
Management	
Future Financing Plans	
Debt Payment Record	
Bonds Outstanding	
1976 General Bond Resolution	
2005 General Bond Resolution	
2010 Municipal Obligation Bond Resolution	
Revenue Bond Resolutions	
Coastal Energy Impact Program	
Direct Loans	
Loans by the State of Alaska	
Total Bond Bank Bonds Issued and Outstanding as of October 1, 2013	
Remaining Debt Capacity After the Issuance of the 2013 Series Three Bonds	
Debt Service Requirements of Outstanding 2005 General Bond Resolution General Obligation Bonds and the 2013 Series Three Bonds	
Summary of the 2005 General Bond Resolution	
2005 General Bond Resolution Constitutes Contract	
Obligation of Bonds	
Pledge	
Power to Issue Bonds and Make Pledges	
General	
Waiver of Laws	
Loan Agreement Provisions	
Modification of Loan Agreement Terms	
Enforcement of Municipal Bonds	
Funds and Accounts	
Security for Deposits	
Payment of Bonds	
Fees and Charges	
Issuance of Additional Obligations Including for the Purpose of Refunding	
Defeasance	
Supplements and Amendments	
Events of Default and Remedies	
Excess Earnings	

Modifications to the 2005 General Bond Resolution	
Litigation	
Certain Legal Matters	
Verification of Mathematical Computations	
Underwriting.....	
Financial Advisor	
Financial Statements.....	
Tax Matters.....	
Ratings.....	
Continuing Disclosure Undertaking	
Prior Compliance with Continuing Disclosure Undertakings Under the Rule	
Sources of Certain Information	
Definitions	
Miscellaneous	
Official Statement.....	

- APPENDIX A - Form of Legal Opinion
- APPENDIX B - State Payments to Governmental Units
- APPENDIX C - Government Unit Statistics Regarding Participation in the Bond Bank
- APPENDIX D - Summaries of Borrowers Representing 10% or More of Outstanding Principal
- 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

PRELIMINARY OFFICIAL STATEMENT

\$76,775,000*

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 \$76,775,000* principal amount of General Obligation Bonds, 2013 Series Three (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”), amended and restated Series Resolution No. 2013-04 adopted by the Board of Directors of the Bond Bank on October 10, 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 are being used for the following purposes: (i) to make five 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 renovations and additions to the Tanalian School, gymnasium and kitchen renovations to the Newhalen School and district-wide HVAC and energy efficiency upgrades; (d) to the City and Borough of Sitka for improvements to the City and Borough’s hydroelectric system; and (e) to the Kenai Peninsula Borough for roof replacements to school buildings throughout the Borough.

* - 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 Kenai Peninsula Borough	
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 Bond Bank 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 August 1, 2014, and semiannually thereafter on each February 1 and August 1 to their date of maturity or prior redemption, whichever may occur first.

Optional Redemption

The 2013 Series Three Bonds maturing on or after August 1, 2024 are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after August 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 August 1, 20__, are subject to mandatory sinking fund redemption on August 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>
August 1, 20__	
August 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 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.**

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.

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 replenish the reserve to the Reserve Fund Requirement in the event that there is a deficiency as a result of a default by borrower. Since 2009, and continuing through fiscal year 2014, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary. The State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. This credit feature is in addition to the moral obligation feature discussed below.

On or before December 31 of each year, and subject to the requirements of the 2005 General Bond Resolution, the Trustee will transfer from the Reserve Fund any amounts remaining in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to investments thereof to the Operating Fund, but only to the extent that there remains after such transfer an amount in the Reserve Fund equal to the Required Debt Service Reserve. See “SUMMARY OF THE 2005 GENERAL BOND RESOLUTION – Funds and Accounts – Reserve Fund.”

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

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

The Act requires that earnings on funds directly appropriated by the State to the Bond Bank be transferred to the State in the following fiscal year. However, starting in fiscal year 2009, and continuing through fiscal year 2014, all prior fiscal year earnings due to the State’s general fund by statute have been appropriated to the Bond Bank’s custodian account. The State Legislature may, but is under no legal obligation to, appropriate statutory earnings back to the Bond Bank. The entire Custodian Account balance is available for appropriation, at any time, by the State Legislature.

State Payments

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

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

Pledge of the State

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

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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, 2013 and he will continue to serve until he is reappointed or a successor board member is appointed. 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.

Pamela Leary - Member. Ms. Leary is the Comptroller for the State of Alaska's Department of Revenue, Treasury Division and the Deputy Treasurer of the Alaska Municipal Bond Bank. She began her career as an auditor with Price Waterhouse and became partner in the firm PricewaterhouseCoopers, advising clients in various disciplines including securities litigation and bankruptcy. After moving from New York to Alaska, Ms. Leary first owned her own business and then reentered the accounting profession at the Alaska Permanent Fund Corporation prior to joining the Alaska Treasury. She holds a Bachelor of Science degree in Economics from the Wharton School, University of Pennsylvania and is a Certified Public Accountant in the State of Alaska.

Management

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

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

Future Financing Plans

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

The total amount of Bond Bank bonds and notes outstanding at any one time may not exceed \$1 billion. 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 intends to fund a loan from the Custodian Account of approximately \$125,000 to the City of King Cove as part of the City's refunding of a prior loan from the United States Department of Agriculture. The direct loan from the Bond Bank will allow the City to achieve level debt service savings as a result of the refunding. The loan will mature on April 1, 2014.

Loans by the State of Alaska

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

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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⁾	\$869,035,000 ⁽¹⁾	\$779,285,000 ⁽¹⁾
II.	Total 1976 General Bond Resolution G.O. Bonds	721,985,000	60,740,000
III.	Total 2010 Resolution G.O. Bonds	4,765,000	4,435,000
IV.	Revenue Bonds		
	2003B Resolution	19,000,000	13,500,000 ⁽²⁾
	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 ⁽³⁾
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	\$60,740,000	
2010 Resolution	4,435,000	
2005 General Bond Resolution	779,285,000 ⁽¹⁾	\$844,460,000 ⁽¹⁾
Revenue Bonds		17,885,000
Coastal Energy Loan Program		<u>10,682,527</u>
Total Outstanding Debt		\$873,027,527 ⁽¹⁾
Remaining Debt Capacity		<u>\$126,972,473⁽¹⁾</u>

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

(2) The City of Valdez has irrevocably deposited with The Bank of New York Mellon Trust Company, N.A. sums sufficient to retire the 2003B Bonds on the first call date of December 1, 2013.

(3) 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				
2049				
	\$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, (iii) the Kenai Peninsula Borough by its bond counsel, Wohlforth, Brecht, Cartledge & Brooking of Anchorage, Alaska, and (iv) the City of King Cove by its co-bond counsel, Foster Pepper PLLC of Seattle, Washington and the Levesque Law Group, LLC of Anchorage, Alaska.

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.

Wohlforth, Brecht, Cartledge & Brooking has secured the consent of the Bond Bank and the Kenai Peninsula Borough regarding the multiple representations of clients in this transaction.

UNDERWRITING

The 2013 Series Three Bonds are to be purchased by RBC Capital Markets, LLC and KeyBanc Capital Markets, Inc. (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 BDO USA, LLP, independent certified public accounts, to the extent and for the periods indicated in their report thereon. Such financial statements have been included in reliance upon the report BDO USA, LLP.

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

TAX MATTERS

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the 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, 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 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. [address Obligated Persons' compliance over past 5 years? Don't know what this means]

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 is authorized to cause such funds, held in custody by the State prior to disbursement, to be paid over to the Bond Bank. However, the State may at any time reduce or terminate the disbursements or programs under which they are made. Four of the departments of the State that disburse money to Governmental Units are as follows:

- (1) Department of Education and Early Development. The Department of Education and Early Development (DEED) disburses State aid for educational purposes primarily through the school debt reimbursement, the foundation funding, and pupil transportation programs, in addition to funding for boarding homes, residential boarding, youth in detention, special schools, and the Alaska Challenge Youth Academy programs.

The first program provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse municipalities that operate school districts for certain costs of school construction. State reimbursement applies to debt service on locally issued general obligation school bonds. Timing of reimbursements is determined by municipalities’ debt service payments, and is made throughout the year. This program provides that subject to statutory and regulatory conditions that the State will reimburse municipalities for a pre-determined percentage of debt service incurred for such bonds, depending on when such bonds were issued and the project components. The State has in the past, and may in the future, appropriate less than the full amount to which the municipalities are entitled. When appropriations are less than 100 percent of the entitlement, funds have been allocated pro rata among the eligible school districts.

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

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

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

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

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

- (4) Department of Corrections. The Department of Corrections transfers monthly amounts to pay

operational expenses of local communities that house prisoners in municipal-owned facilities.

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

Alaska Municipal Bond Bank Capability to Intercept Funds (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
	Audited	Audited	Audited	Audited	Audited	Audited
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 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 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 AUTHORITY
RESOLUTION NO. 2013-05**

**RESOLUTION OF THE ALASKA MUNICIPAL BOND
BANK AUTHORITY AUTHORIZING THE USE OF
AUTHORITY FUNDS, IN AN AGGREGATE AMOUNT NOT
TO EXCEED \$125,000, TO MAKE A LOAN TO THE CITY
OF KING COVE, ALASKA; AND PROVIDING FOR
RELATED MATTERS**

WHEREAS, the Alaska Municipal Bond Bank Authority ("Authority") is authorized by AS 44.85.080(13) to invest funds or money of the Authority in a loan to a political subdivision for the purchase of municipal bonds; and

WHEREAS, the Authority is authorized by AS 44.85.080(14) to prescribe the form of application or procedure required of a political subdivision for a loan, to fix the terms and conditions of the loan, and enter into an agreement with a political subdivision with respect to such loan; and

WHEREAS, the City of King Cove, Alaska ("City"), a political subdivision of the State of Alaska ("State"), applied for a loan from the Authority to finance and refinance improvements to its electric utility; and

WHEREAS, the Authority, at its August 28, 2013 Board meeting, approved a loan to the City in an amount not to exceed \$3,100,000 ("Loan"); and

WHEREAS, the Loan to the City was to be funded, in whole, with proceeds of the Alaska Municipal Bond Bank General Obligation Bonds, 2013 Series Three ("Bonds"); and

WHEREAS, due to certain structuring matters associated with the Bonds, it is deemed to be in the best interests of the Authority that a portion of the Loan be funded with available cash of the Authority in an amount not to exceed \$125,000 ("Cash Loan"); and

WHEREAS, payments of principal and interest on the Cash Loan will be secured with payments received from the City pursuant to the terms of a loan agreement by and between the Authority and the City ("Loan Agreement"); and

WHEREAS, the Loan Agreement will, among other matters, set forth the terms and conditions relating to repayment of the Cash Loan; and

WHEREAS, payments pursuant to the terms of the Loan Agreement will be secured by an electric utility revenue and refunding bond ("Municipal Bond") issued by the City and of which the Authority will be the registered owner; and

WHEREAS, the Authority hereby finds and determines that it is in the public interest and will best carry out the purposes of the Authority to make the Cash Loan to the City;

NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA MUNICIPAL BOND BANK AUTHORITY, AS FOLLOWS:

Section 1. Authority to Make the Cash Loan and Principal Amount. The Authority is hereby authorized to make the Cash Loan to the City in an aggregate amount not to exceed \$125,000. The authority granted under this Section 1 shall expire 120 days from the date of approval of this Resolution No. 2013-05.

Section 2. Purpose. The Cash Loan is being provided the City to provide a portion of funds to allow for the retirement of an outstanding electric utility debt obligation of the City.

Section 3. Interest Rate and Maturity. The Cash Loan shall bear interest at a rate equal to one half of one percent (.50%) and shall mature on April 1, 2014.

Section 4. Principal and Interest Payments. Payment of principal and interest on the Cash Loan shall become due and payable on April 1, 2014.

Section 5. Loan Agreement. The Chairman or Executive Director are, and each of them hereby separately is, authorized, empowered and directed to execute the Loan Agreement for and on behalf of the Authority, subject to the terms and conditions set forth in this Resolution No. 2013-05.

Section 6. Chairman and Executive Director. The Chairman or the Executive Director of the Authority, or any other person authorized by the Authority, are hereby authorized to execute and deliver for and on behalf of the Authority any and all additional certificates, documents, opinions or other papers and perform all such other acts as they may deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution No. 2013-05.

Section 7. Effective Date. This Resolution No. 2013-05 shall become effective immediately upon its passage and approval.

DATED this ____ day of October 2013.

MARK E. PFEFFER
Chairman of the Board of Directors



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Juneau, Alaska 99811-0405

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

TO: AMBBA Board Members
Mark Pfeffer, Pam Leary, Luke Welles,
Gregory Gurse, Ted Leonard

DATE: October 7, 2013

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

Following are updates on items not covered in the October 10, 2013 Agenda:

Letter to North Slope Borough – In response to questions raised in our meeting with Rob Elkin in Barrow in August I supplied the attached letter to the Mayor, Finance Director, and Rob. Subsequent to sending the letter Chip and I had a conversation with Geoff Urbina who acts as the North Slope Borough's underwriter about the potential financing. We are currently waiting for additional contact from the Borough or their underwriter.

2003 Series B optional redemption - In response to the City of Valdez formally requesting the optional redemption of their 2003 Revenue Bonds held by the Bond Bank, with the attached letter I have requested notice be given for the Bond Bank's optional redemption. Both the City of Valdez and the Bond Bank's bonds will be optionally redeemed on December 1, 2013.

Legislation - In September I submitted a request to the Department of Revenue for legislation changes for the bond bank as follows:

The Alaska Municipal Bond Bank Authority is requesting an increase in its borrowing limit of \$250 million. Currently the Bond Bank has an issuance limit of \$1 billion. The Bond Bank relies on a moral obligation pledge of the State of Alaska to borrow money at lower rates than communities could borrow individually. In the last 10 years, the Bond Bank saved communities over \$100 million. In the 39 year history of the program, the State has never had to pay debt service as a result of communities not making their debt payments. In FY 2013 the Bond Bank provided \$153.5 million of loans and saved the 10 communities involved an estimated \$19.8 million. At November 15, 2013 the Bond Bank will have approximately \$890 million outstanding, leaving just \$110 million of additional authority. The Bond Bank is currently in discussions or actively working with communities that expect to borrow \$183 million over the next 12 months. To continue to save Alaskan communities money, the Bond

Bank is requesting an increase of the limit to \$1.25 billion. This will require the following statutory amendment:

- 44.85.180(c) replace "\$1,000,000,000" with "\$1,250,000,000"

Secondly, the Bond Bank is requesting that excess earnings of its statutory reserve fund be allowed to become part of the Reserve fund going forward. The Alaska Municipal Bond Bank Authority is currently required to transfer back to the general fund, earnings on funds appropriated by the State to the Bond Bank's statutorily defined Reserve Fund that exceed the Bond Bank's annual operating expenses. In each of the last seven years the Bond Bank requested and was granted appropriations for excess earnings to the Bond Bank's Reserve Fund. In FY 2012 and FY 2013 there were no excess earnings of the Reserve Fund. Additionally, the Bond Bank has a separate category of net assets of historic retained earnings outside of the Reserve Fund on which earnings in excess of operating expense are retained by the Bond Bank. This differentiation of assets results in significant effort being placed on accounting staff to track the two categories of funding and the earnings of the funds. The suggested statutory change would simplify the budget process for both the state and the Bond Bank as well as eliminate the need to track the two categories of assets and their earnings. **The suggested statute revision will not change the Legislature's ability to appropriate money out of the Bond Bank at any time.** The existing statute would be amended as follows:

- 44.85.270(h) replace "be transferred to the general fund of the state" with "become part of the reserve fund"

Quarterly Ethics Filing - On October 2, 2013 I filled the quarterly ethics report with the Department of Law. A copy of the memo is in your packet.

FY 2013 audit – the Audit has been finalized by the Bond Bank's audit firm BDO. The process of utilizing ERM staff for accounting support in conjunction with Ryan Williams and Pam Leary's efforts resulted in a smooth audit cycle.



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September 3, 2013

Rob Elkins
Deputy Director
Administration
PO Box 69
Barrow, Alaska 99723

Dear Rob:

First, thank you and Chris Smith for taking the time to meet with us last week while we were in Barrow. It was great to have a glimpse into the way of life in the Alaskan arctic and the lifestyle that Barrow provides.

Based on our conversation I believe that the Bond Bank can supply The North Slope with the most economic means of financing the contemplated improvements to the Service Area 10 water system, subject to the Bond Bank's credit review process that we described at the meeting. The potential partnership for this project financing would not obligate the Borough to future use of the Bond Bank, for the water enterprise or any other financings of the Borough. However based on our understanding of the project and proposed financing, using the Bond Bank could save an estimated \$8 to \$12 million while still providing the enterprise an opportunity to establish and demonstrate its credit strength for potential future loans either with or independent of the Bond Bank.

As we discussed similar to AHFC which focuses on affordable financing for housing and AIDEA which focuses on industrial development and commercial banking the Alaska Municipal Bond Bank Authority is a public corporation of the State of Alaska which was created in 1975 to lend the State's credit strength specifically to the state's *municipalities*. Alaskan community bond issues were viewed by Wall Street as overly risky and the interest rates Alaskans were paying were much higher than similar borrowing in the lower 48. The Bond Bank is now in its 39th year, and in fiscal year 2013 issued 3 series of AA+, Aa2 rated bonds to make 16 loans that totaled \$152.3 million and saved the involved communities an estimated \$19.6 million. The Bond Bank has helped 38 Alaskan communities save money over the years. This includes Anchorage that typically issues its own debt but most recently found it advantageous to use the Bond Bank for a revenue bond project. It also includes one of your communities, Kaktovik for a general obligation bond project. Communities use the Bond Bank in a wide variety of different ways with some funding all their loans through the Bond Bank and some targeting only specific loans that make sense to borrow through the Bond Bank.



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September 27, 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 described in the attached Exhibit B and authorized in the September 13, 2013 letter from the City of Valdez Finance Director please proceed with the optional redemption of the Alaska Municipal Bond Bank's (Bond Bank) Revenue Bonds Series 2003B on December 1, 2013.

Following the optional redemption on December 1, 2013 please close the bond Bank's 2003B reserve fund account and transfer the balance to the Bond Bank's custodial bank, First National Bank Alaska. Please use the wire instructions below.

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

EXHIBIT B

NOTICE OF REDEMPTION

**City of Valdez, Alaska
Hospital Revenue Bonds, Series 2003**

Alaska Municipal Bond Bank Authority
333 Willoughby Avenue, 11th Floor
Post Office Box 110405
Juneau, Alaska 99811

NOTICE IS HEREBY GIVEN that the City of Valdez, Alaska, has irrevocably called for redemption on December 1, 2013, the following maturities and principal amounts of the above-referenced bonds (the "Redeemed Bonds"):

<u>Maturity Date (December 1)</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount to be Redeemed</u>	<u>Interest Rate</u>	<u>CUSIP 001179</u>
2014	\$1,135,000	\$1,135,000	3.75%	MK6
2015	1,195,000	1,195,000	5.25	ML4
2016	1,260,000	1,260,000	4.25	MM2
2017	1,315,000	1,315,000	5.25	MN0
2018	1,385,000	1,385,000	5.25	MP5
2022	6,140,000	6,140,000	5.25	MT7

The Redeemed Bonds will be redeemed at a price equal to one hundred percent (100%) of the principal amount being redeemed, plus accrued interest to December 1, 2013. The redemption price of the Redeemed Bonds is payable in accordance with the Loan Agreement dated as of May 1, 2003, between the Alaska Municipal Bond Bank Authority and the City of Valdez, Alaska.

By Order of the City of Valdez, Alaska

**The Bank of New York Mellon Trust
Company, N.A., as Escrow Agent**

Dated: _____



BNY MELLON

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

Kathleen Gylland
Vice President
Telephone: (206) 667-8903
Facsimile: (206) 667-8905
Email: Kathleen.gylland@bnymellon.com

September 4, 2013

City of Valdez
Attn: Finance Director
P. O. Box 307
Valdez, AK 99686

RE: Alaska Municipal Bond Bank Authority Revenue Bonds Series 2003B
Escrow Deposit Agreements date April 1, 2009 and May 29, 2012

Per the terms of the Escrow Deposit Agreement dated April 1, 2009, The Bank of New York Mellon Trust Company, N.A. as Escrow Agent is notifying the City of Valdez of the balance in the escrow account and requesting direction to redeem the bonds on December 1, 2013. The balance in the account is \$12,430,000. The balance in the account is sufficient to call the bonds as listed on the enclosed Notice of Redemption, Exhibit B to the Escrow Deposit Agreement.

According to the Escrow Deposit Agreement, the Finance Director is to provide direction to the Escrow Agent within 10 days of receipt of this notification. Please provide by September 16, 2013 written direction to BNY Mellon to redeem on December 1, 2013 the bonds listed on the Notice of Redemption.

In our capacity as Escrow Agent under the Escrow Deposit Agreement dated May 29, 2012, we are also holding funds sufficient to pay the maturing principal and the interest on the maturing and called bonds due on December 1, 2013.

Enclosed is the Exhibit A to the Escrow Deposit Agreement. Please update as needed.

Please call me at 206-667-8903 or send an email to me at kathleen.gylland@bnymellon.com if you have any questions.

Very truly yours,

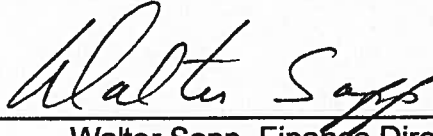
ACS# 10205433-0, 439711

cc: Deven Mitchell, AMBB Executive Director

EXHIBIT A

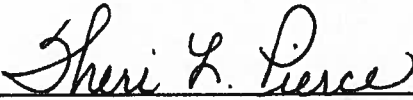
AUTHORIZATION OF FINANCE DIRECTOR

I, SHERI L. PIERCE, CMC, City Clerk of the City of Valdez, a home rule municipality of the State of Alaska (the "City"), hereby certify that WALTER SAPP is the Finance Director of the City and as such, is authorized to provide written directions to The Bank of New York Mellon Trust Company, N.A., as Escrow Agent (the "Escrow Agent") under the Escrow Deposit Agreement dated as of April 1, 2009, between the City and the Escrow Agent, of investments to be made by the Escrow Agent thereunder. I further certify that the signature of Walter Sapp, as Finance Director, appears below.

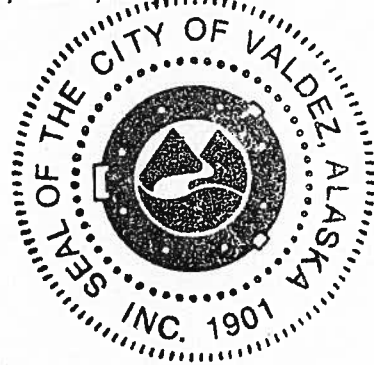


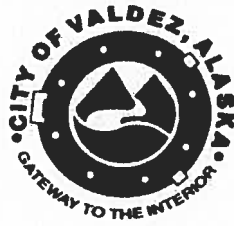
Walter Sapp, Finance Director

CITY OF VALDEZ

By: 

Sheri L. Pierce, CMC, City Clerk





September 13, 2013

Kathleen Gylland, VP
BNY Mellon
2 Union Square, 601 Union Street, Ste 520
Seattle, WA 98101

Dear Ms. Gylland:

Please proceed with the redemption of bonds from Exhibit B on December 1, 2013 with monies currently held in escrow.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

Keith Greene
Finance Director
City of Valdez
(907) 834-3461
(907) 834-3403 Fax
kgreene@ci.valdez.ak.us

cc: Deven Mitchell, AMBB Executive Director

EXHIBIT A

AUTHORIZATION OF FINANCE DIRECTOR

I, HOLLY S. WOLGAMOTT, CMC, Deputy City Clerk of Valdez, a home rule municipality of the State of Alaska (the "City"), hereby certify that KEITH GREENE is the Finance Director of the City and as such, is authorized to provide written directions to The Bank of New York Mellon Trust Company, N.A., as Escrow Agent (the "Escrow Agent") under the Escrow Deposit Agreement dated as of April 1, 2009, between the City and the Escrow Agent, of investments to be made by the Escrow Agent thereunder. I further certify that the signature of Keith Greene, as Finance Director, appears below.



Keith Greene, Finance Director



Holly S. Wolgamott, CMC, Deputy City Clerk

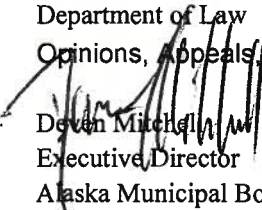




333 Willoughby Avenue, 11th floor
P.O. Box 110405
Juneau, Alaska 99811-0405

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

TO: Angie White
Litigation Assistant
Department of Law
Opinions, Appeals, & Ethics Section

FROM: 
Devan Mitchell
Executive Director
Alaska Municipal Bond Bank

DATE: 10/2/2013

TEL. NO.: 907-465-3750

FAX: 907-465-2902

SUBJECT: 39.52 Quarterly Report
July 1 to September 30, 2013

As designated ethics supervisor and executive director for the Alaska Municipal Bond Bank, I wish to advise you that I have received no notifications of potential violations or requests for ethics determinations under the Ethics Act (AS 39.52) and have made no written determinations for this quarter.

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

Financial Statements

For the Year Ended June 30, 2013

Together with Independent Auditor's Report Thereon

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

Table of Contents

	<u>Page</u>
Management's Discussion and Analysis	I-VII
Financial Statements	
Independent Auditor's Report	1-2
Statement of Net Position and Governmental Funds Balance Sheets	3
Statement of Activities and Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances/Net Position	4
Notes to Financial Statements	5-22
Supplemental Schedule of Statutory Reserve Accounts – Assets, Liabilities, and Account Reserves	23-24

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

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

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

Required Financial Statements

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

Financial Highlights

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

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

Statement of Net Position

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

Assets

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

Liabilities

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

Restricted and Unrestricted Net Position

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

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

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

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

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

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

Statement of Activities

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

Revenues

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

Expenses

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

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

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

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

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

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

Governmental Funds

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

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

General Fund

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

Debt Service Fund

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

General Fund

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

Debt Service Fund

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

Long-term Debt

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

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2013

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

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

Contacting the Bond Bank's Financial Management

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



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

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

BDO USA, LLP

September 30, 2013
Anchorage, Alaska

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

Statement of Net Position and
Governmental Funds Balance Sheets

June 30, 2013

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

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

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

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

For the Year Ended June 30, 2013

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

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

For the Year Ended June 30, 2013

(1) History/Reporting Entity

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

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

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

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

(2) Summary of Significant Accounting Policies

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

(a) *Government-wide and Fund Financial Statements*

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

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

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

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

The Authority reports the following major governmental funds:

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

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

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

General Fund

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

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

Debt Service Fund

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

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

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

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

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

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

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

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

(c) Restricted Assets

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

Original State of Alaska appropriation	\$ 18,601,414
2008 appropriation of excess earnings	855,347
2009 appropriation of excess earnings	819,843
2010 appropriation of excess earnings	32,628
2011 appropriation of excess earnings	86,814
2012 appropriation for loan forgiveness	<u>13,000,000</u>
Total State of Alaska appropriated equity	<u>\$ 33,396,046</u>
Restricted for Debt Service:	
Appropriated amounts residing in reserve accounts	\$ 20,379,275
Appropriated amounts residing in Custodial account	<u>13,016,771</u>
Total State of Alaska appropriated equity	33,396,046
Bond Bank equity residing in reserve accounts	<u>9,688,331</u>
Total restricted for debt service/net position	<u>\$ 43,084,377</u>

(d) Bond Receivables

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

(e) Long-Term Obligations

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

(f) Fund Equity

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

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

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

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

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

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

(g) Interest Arbitrage Rebate

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

(h) Income Taxes

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

(3) Cash

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

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

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

Notes to Financial Statements

(4) Investments

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

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

(a) Investment Policies

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

Custodian Account

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

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

- Shifting from one asset allocation to another may be approved by the Investment Committee when there is a projection of a continued trend in account balance justifying the shift.
- There are no arbitrage restrictions.

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

- 20% Money Market Fund and 80% government agencies and U.S. Treasuries with maturities of less than 5 years.
- Performance benchmark for the 20%: Three month U.S. Treasury Bill.
- Performance benchmark for the 80%: Merrill Lynch 1-5 Government Index.

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

- Greater of 10% or a percentage equal to \$750,000 in market value: Money Market Fund and up to 90%: Broad U.S. Bond Market Fund.
- Performance benchmark for the greater of 10% or the percentage of the fund invested that is benchmarked to Money Market Fund: Three-month U.S. Treasury Bill.
- Performance benchmark for the up to 90%: Barclays Capital Aggregate Index.

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

- Short sale of securities (the sale and settlement of a security not currently owned by the Authority and a formal agreement to borrow the security to facilitate the settlement of the short sale);
- Purchases of futures, forwards or options for the purpose of speculating (currency futures, forwards and options are permitted only for hedging or to facilitate otherwise permissible transactions);
- Borrowing to leverage the return on investments. Extended settlement of securities purchases executed to facilitate or improve the efficiency of a transaction will not be considered borrowing, provided that sufficient cash equivalent securities or receivables are available to facilitate the extended settlement;
- Purchases of "private placement" or unrated corporate bonds.

Bond Reserve Funds

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

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

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

The bond resolutions limit investments to:

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

Municipal Debt Payments

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

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

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

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

(b) Concentration Risk

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

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

(c) Credit Risk

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

(d) Custodial Credit Risk

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

(e) Interest Rate Risk

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

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

Notes to Financial Statements

(5) Bond and Notes Receivable

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

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

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

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

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

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

Notes to Financial Statements

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

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

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

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

Notes to Financial Statements

(6) Long-Term Liabilities

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

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

(continued)

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

Notes to Financial Statements

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

(continued)

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

Notes to Financial Statements

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

(continued)

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

Notes to Financial Statements

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

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

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

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

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

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

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

(7) Adjustments

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

(8) Commitments

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

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Notes to Financial Statements

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

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

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

(9) Subsequent Events

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

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

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

For the Year Ended June 30, 2013

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

(continued)

See auditor's report

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

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

For the Year Ended June 30, 2013

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

See auditor's report