

**ALASKA MUNICIPAL BOND BANK  
AUTHORITY**

**BOARD OF DIRECTOR'S MEETING**

**TO BE HELD AT  
Offices of  
Wohlforth, Brecht, Cartledge & Brooking  
900 West 5th Ave., Suite 600  
Anchorage, AK 99501**

**January 9, 2014**

**2:00 P.M.**



## **AGENDA FOR BOARD OF DIRECTOR'S MEETING**

Offices of Wohlforth, Johnson, Brecht, Cartledge, & Brooking  
900 West 5<sup>th</sup> Avenue, Suite 600, Anchorage, Alaska  
January 9, 2014 at 2:00 p.m.

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of the October 10, 2013 Meeting of the Board of Directors**
- VI. General Business**
  - A. Loan Application – Revenue Bond Kenai Peninsula Borough**
  - B. Loan Application – General Obligation Bond Kodiak Island Borough**
  - C. Loan Application – Revenue Bond City & Borough of Juneau**
  - D. Resolution 2014-01 –authorizing the Issuance of 2014 Three One Bonds**
  - E. Investment Manager Update**
  - F. 2013 Three Post Sale Summary**
  - G. Executive Director's Report**
- VII. Public Comments**
- VIII. Board Comments**
- IX. Adjournment**

The Alaska Municipal Bond Bank Authority will hold a meeting in the Offices of Wohlforth, Brecht, Cartledge, & Brooking, 900 West 5<sup>th</sup> Avenue, Suite 600, Anchorage, Alaska, on January 9, 2014 at 2 p.m. The meeting will include, but is not limited to, the following agenda items:

City & Borough of Juneau Loan Request  
Kodiak Island Borough Loan Request  
Kenai Peninsula Borough Loan Request  
Resolution 2014-01 authorizing the issuance of 2014 Series One bond issue  
Post Sale Summary 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 December 18, 2013  
Deven Mitchell, Executive Director

## Notice of Meeting - Alaska Municipal Bond Bank Authority

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City & Borough of Juneau Loan Request

Kodiak Island Borough Loan Request

Kenai Peninsula Borough Loan Request

Resolution 2014-01 authorizing the issuance of 2014 Series One bond issue

Post Sale Summary 2013 Three Bond Issue

Executive Directors Report

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Dated December 18, 2013

Deven Mitchell, Executive Director

### Attachments, History, Details

#### Attachments

None

#### Revision History

Created 12/18/2013 2:38:00 PM by ljwilcox

#### Details

Department:	Revenue
Category:	Agency Meetings
Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	
Publish Date:	12/18/2013
Archive Date:	1/10/2014

Events/Deadlines:

**OFFICIAL MINUTES for the BOARD OF DIRECTORS MEETING**  
**ALASKA MUNICIPAL BOND BANK AUTHORITY**

October 10, 2013

I. CALL TO ORDER

Mark Pfeffer called the meeting to order on at 10:05 a.m. Members participated at the Alaska Department of Revenue, Commissioner's Conference Room, 333 Willoughby Ave, 11<sup>th</sup> Floor Juneau, Alaska and by telephone.

II. ROLL CALL

Present- Luke Wells (via phone)  
Pam Leary  
Ted Leonard (via phone)  
Mark Pfeffer (via phone)  
Greg Gurse (via phone)

OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Via phone
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht, Cartledge & Brooking
- Chip Pierce, Financial Advisor, Western Financial Group
- Craig Chapman, Kenai Peninsula Borough
- Cheryle Brooking, Wohlforth, Brecht, Cartledge & Brooking

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

Agenda General Business item C. was removed from the Agenda and the Executive Director's Report was moved from D to C. Without objection, the amended agenda was approved.

V. MINUTES of 8/28/2013 Board of Directors Meeting

Ms. O'Leary pointed out two typos in the 8-28-2013 minutes. The corrected minutes were approved without objection.

VI. GENERAL BUISNESS

*Kenai Peninsula Borough Loan Request*

Mr. Pierce presented an overview of the general obligation bond loan request to the Board. The Kenai Peninsula Borough (KPB) submitted an application for \$22.987 million for completion of the KPB re-roof initiative and a turf project at Homer High School. The requested term of the loan is 20 years. The security for the loan comes from a general obligation pledge of property taxes levied in the KPB. Total Bond Bank Annual Debt Services with the Borough including the proposed loan is \$9.1 million, which compared to the Borough's state-shared revenues of \$149.3 million provides coverage of 16.4 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 \$1.54 million gross, and \$917,000 on a present value basis. Mr. Pierce then reviewed the trend in KPB's financial position including general fund revenue sources, property tax collection trends and ending fund balances. He then reviewed future capital plans, state interceptable revenue, estimated borrower savings and the statement of no litigation. Given his analysis Mr. Pierce recommended Board approval of the loan. Mr. Welles made a motion to approve the \$22.987 million general obligation loan for the Kenai Peninsula Borough, Mr. Gurse seconded the motion. Mr. Pfeffer asked about the progress on the KPB's re-roofing. Mr. Chapman indicated that the KPB will be in good shape and that after this funding is implemented the average life of the Borough's 43 school district buildings will be at least 10 years. Mr. Mitchell conducted a roll call vote and the motion passed with five yes votes.

*Amended and Restated Resolution 2013-04*

Ms. Cartledge introduced the amended and restated resolution 2013-03 explaining that it restates the original 2013-03, incorporates the amendments to 2013-03 at the August 28, board meeting, and updates 2013-03 to provide for the additional loan to the KPB. The Resolution now authorizes the issuance of a principal amount of not to exceed \$85 million dollars in General Obligation Bonds. This bond issue will provide for seven 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, 5. To make a loan to the Kenai Peninsula Borough for school construction projects, 7. 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 a form of loan agreement, and the preliminary official statement. Ms. Cartledge noted that her firm has multiple representations in the transaction as her partner is representing the KPB, and that she has obtained consent from the attorney general's office Mr. Leonard made a motion to approve the amended and restated Resolution 2013-04 and Mr. Welles seconded the motion. The motion passed with five yes votes.

*Executive Directors Report*

- Mr. Mitchell reported that he'd followed up with the North Slope Borough regarding issues raised during August 28, 2013 meetings in Barrow. A copy of the letter addressed to Rob Elkins and cc'd to Mayor Charlotte Brower and Director of Finance Reed O'Haire is attached.
- Mr. Mitchell noted that the City of Valdez is optionally redeeming their 2003 Series B revenue bonds, and the Bond Bank will also be optionally redeeming its bonds.
- Mr. Mitchell notified the that he had submitted a request for legislation for the Bond Bank to both increase the borrowing limit and to eliminate the automatic transfer of any excess earnings to the general fund.
- Mr. Mitchell reported that the quarterly ethics report was filed.
- Mr. Mitchell announced that the Bond Bank's 2013 audit was finalized and that a copy is included in the report. The Auditor will provide a letter to the Board and present the audit at the next board meeting.

- Mr. Mitchell then provided some additional detail on the City of King Cove's Waterfall Creek project process to help understand how they are compliant with prior Board mandate.

VII. PUBLIC COMMENTS

None.

VIII. BOARD COMMENTS

Mr. Pfeffer noted that he was re-appointed by the Governor's office for another four year term. There were none.

IX. ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection at 10:34 a.m.

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Mark Pfeffer, Chairperson



Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	Kenai Peninsula Borough
Loan Amount:	Not to exceed \$43,000,000
Project Type:	Specialty clinics associated with Central Peninsula Hospital
Project Description:	The Borough will apply the proceeds of the Bond Bank loan toward the construction of a Specialty Clinic Building scheduled to start in 2014 with completion scheduled for late 2015 or early 2016. Benefits of the SCB include addressing the lack of space for the spine clinic, space for additional specialties, aligning service lines to include imaging, rehab therapy, infusion oncology and physician clinics to foster a more integrated model of service deliveries that promotes efficiency and patient satisfaction.
Term of Loan:	20 years
Revenues Pledged to Loan:	Gross hospital revenues
Most Recent FY Pledged Revenues:	\$123,951,269
Estimated Annual Debt Service:	\$3.1 million
Total Bond Bank Annual Debt Service:	\$14.3 million
Most Recent FY Debt Service Coverage Ratio:	40.0X
Most Recent FY State-Shared Revenues (SSR):	\$125.2 million
Debt Service Coverage of AMBB DS from SSR:	8.75x
Loan Subject to State Debt Service Reimbursement:	No
Estimated Borrower Savings (Gross):	\$4.78 million
Estimated Borrower Savings (Present Value):	\$3.78 million
No Litigation Letter Received:	Yes

# Loan Application Evaluation

## Kenai Peninsula Borough

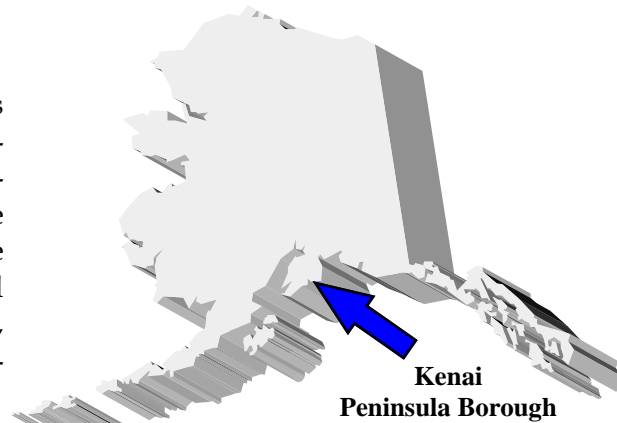
### Introduction

Kenai Peninsula Borough (the “Borough”) has submitted an application to the Alaska Municipal Bond Bank Authority (the “Bond Bank”) for a Revenue Bond Loan totaling an amount not to exceed \$43,000,000. The Borough will use its loan toward construction of specialty clinics associated with Central Peninsula General Hospital. 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

Central Peninsula Hospital (CPH) is proposing to construct a three story Specialty Clinics Building (SCB) consisting of approximately 88,000 square feet. In 2003, the Central Kenai Peninsula Hospital Service Area sold \$49.9 million of bonds to expand and renovate the hospital as part of Phase I, II, & III of a comprehensive Hospital redevelopment plan.

Construction of a Specialty Clinic Building is scheduled to start in 2014 with completion scheduled for early 2016. The SCB will address the lack of space for the spine clinic and additional specialties, align service lines to include imaging, rehab therapy, infusion oncology and physician clinics to foster a more integrated model of service deliveries. Construction of the SCB will also allow CPH to complement services in the newly build Radiology Oncology Clinic. This is Phase V of a plan that was developed in 2003 and updated in 2006, 2009 and 2012.



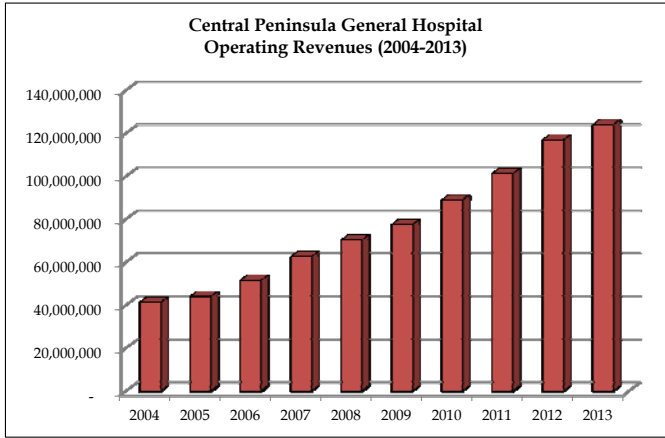
### Central Peninsula General Hospital Financial Position

Kenai Peninsula Borough owns the facilities of Central Peninsula General Hospital and the land that the Hospital’s facilities occupy. Central Peninsula General Hospital, Inc. is a 501(c)(3) organization that has operated CPGH on behalf of the Borough since 1998. The current lease agreement expires in 2017.

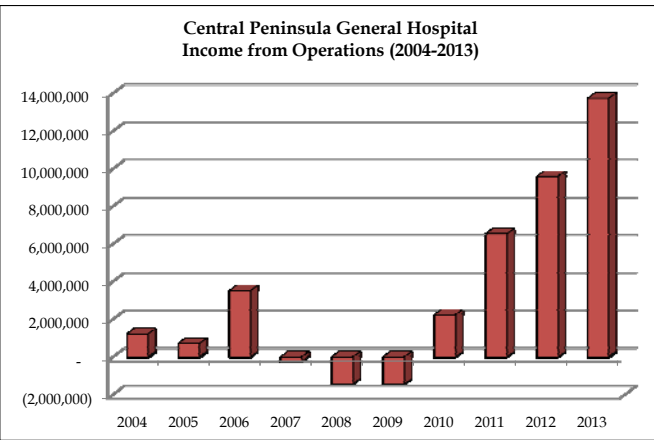
As part of the Phase V project, the Borough submitted a Condition of Need certificate application to the State in July 2013. That application was conditionally approved, but required some modifications. Specifically, certain project components associated with x-ray imaging and CT scan equipment and facilities were rejected, requiring resubmittal of the project budget to the State.

The financial condition of CPGH has improved significantly in the past seven years. During that period, the hospital has expanded the types of medical services offered and captured market share of procedures and treatments that formerly required travel outside the Borough. For example, in 2011 the Borough hired a spinal surgical specialist. In 2012 that practice, which had not been available in the Borough, generated \$11.2 million of additional revenue to the hospital. In 2007, the hospital’s operating revenues (net of contractual adjustments for Medicare, Medicaid and private insurance) totaled \$62.6 million. By fiscal year 2013, operating revenues had nearly doubled to \$124 million. The graph on the following page presents CPGH operating revenues over the past 10 years.

As the graph demonstrates, operating revenues have shown a consistent growth pattern during the last decade. From 2004 through 2013 total operating revenues have increased by nearly 200%. This translates into a compounded annual growth rate of almost 13%.



CPGH administration implemented a 6% rate increase for FY2014. This is budgeted to produce gross patient revenues of \$225.4 million and net patient revenue after deductions of \$135.9 million. CPGH administration



believes that with increased revenue pressure resulting from healthcare reform, modest rate increases will position the hospital to increase market share through both competitive pricing and increased service lines and state-of-the-art equipment.

Annual price increases are not uncommon at CPGH. Since 2000, the hospital has increased rates annually an average of 7.38%. Modest increases have allowed the hospital to improve its financial health significantly. Some of financial improvement has been the result of funded capital projects and additional service lines. Maintaining competitive pricing has also allowed CPGH to absorb increasing levels of uncompensated care.

In FY2013, CPGH worked to increase awareness of expense control. These efforts have included significant amounts of department director education, strong negotiations with the nurses union, negotiations with a new hospitalist group, development of a dual health insurance plan, and negotiations with supply vendors for increased discounts. These have resulted in cost savings for the organization that, management believes, will continue to enhance financial results in fiscal year 2014 and beyond.

### Certificate of Need

The State’s Department of Health and Social Services takes an active role in insuring that the medical facilities in the State are sufficient to meet demand, but do not exceed demand. The Certificate of Need program is a review process that, according to the DHSS is “designed to promote responsive health facility and service development, rational health planning, health care quality, and health care cost containment.” The State’s review of the CON application involves an assessment of both a project’s design and service delivery objectives. Because the State is a primary source of funds for medical services throughout Alaska through Medicaid, it is in the State’s economic interest to insure that patients, and the State, are receiving the most benefit from the State’s investment. Borough staff have submitted a CON application to the State. The Commissioner of the Department of Health and Social Services is expected to approve the Borough’s Certificate of Need application by the end of 2013 with an anticipated project completion date of spring of 2016. The CON application cites a total cost of \$38,382,896 for construction, equipment and furnishings.

## Security Pledge

As stated previously, the Borough has obtained, a Certificate of Need (“CON”) designation from the State’s Department of Health and Social Services. Central Peninsula General Hospital, Inc. has leased the buildings and land at CPGH since 1998. The Specialty Clinic Building will be located adjacent to the hospital.

The Borough will pledge gross revenues from Central Peninsula General Hospital facilities to the Bond Bank loan. The payments from Central Peninsula General Hospital, Inc. will be made in approximately equal monthly amounts and will be sufficient to fund all debt service requirements on the Bond Bank loan.

The additional bonds test in the Borough’s revenue bond resolution requires that, before additional parity bonds may be issued, the Borough must demonstrate that pledged revenues available to pay debt service on the new bonds and on bonds issued on parity with the Bond Bank bonds are sufficient to cover existing and projected debt service by 1.25 times based on revenue collections in any 12 consecutive months of the prior 24 months. The Borough may include estimated revenues associated with additions and betterments to the facilities as well as any rate or rent increases that have been implemented or approved. Alternatively, the Borough may issue additional parity bonds if the financial statements in any two of the prior three years demonstrate that one-half pledged revenues were sufficient to produce 1.25 times debt service coverage.

The 2014 bonds will be the first issued under the Borough’s revenue bond resolution and it includes a rate covenant that requires the Borough to establish, maintain and collect pledged revenues sufficient to cover debt service by 1.25 times. If the Borough fails to maintain revenues sufficient to meet the rate covenant, the bond resolution requires the Borough to retain an expert consultant to make recommendations on rate increases in order to meet the rate covenant.

With the issuance of the Bond Bank’s 2014 Series One Bonds, the Borough will have approximately \$167.2 million of bonds outstanding to the Bond Bank, including the bonds of service areas within the Borough. All of this debt has been issued under the Bond Bank’s 2005 General Obligation Bond Resolution. The proposed loan will mature in 20 years.

In 2011 the Bond Bank issued bonds that refunded general obligation bonds issued by the Borough on behalf of the Central Kenai Peninsula Hospital Service Area in 2003 for improvements to the CPGH. Through 2010, those bonds were paid with proceeds of a property tax levied on properties within the Service Area. Since 2010, those bonds have been paid from operating revenues of the hospital. Consequently, the property tax rate declined from 0.5 mils to the current rate of .02 mils.

## Future Capital Plans

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 will, if approved, be used 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 the sale of bonds. These bonds would be the responsibility of the CES Service Area. No other debt issues are planned by the Borough at this time.

## 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	\$3,581,484
Education Support Funding	\$86,625,845
Matching Grants	\$33,545,106
Community Jails	\$0
Revenue Sharing	\$0
Total Revenue Subject to Intercept	\$125,226,413
Maximum Annual Debt Service	\$14,315,718
<b>Debt Service Coverage</b>	<b>8.75</b>

## Estimated Borrower Savings

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$4.78 million or \$3.78 million on a present value basis. Savings are a result of lower costs of issuance that the Borough will face as a result of issuing through the Bond Bank, as well as lower assumed yields.

## Statement of No Litigation

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 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 gross revenue pledge provide extremely high debt service coverage of the Bond Bank loan. The Bond Bank will require that a debt service reserve fund, held by the Bond Bank's trustee, be funded at closing. Additionally, the Bond Bank's ability to intercept state-shared revenues that would otherwise flow to the Borough in the event of a failure by the Borough to make timely payments provides the ultimate security for this 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.



## 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):  
 Central Kenai Peninsula Hospital Service Area,

B. Type of government (home rule, first class, authority, etc.):  
 Service Area of Kenai Peninsula Borough, a Second Class Borough

C. Contact Person for the government:

Name: <b>Craig Chapman</b>		Title: <b>Finance Director</b>	
Address: <b>144 N Binkley St</b>		City: <b>Soldotna</b>	State: <b>AK</b>
		Zip: <b>99611</b>	
Phone: <b>(907) 714-2171</b>	Fax:	E-mail: <b>cchapman@borough.kenai.ak.us</b>	

D. Applicant's Bond Counsel:

Name: <b>Wohlforth, Johnson, Brecht, Cartledge, and Brooking</b>		Title:	
Address: <b>900 W 5th Ave</b>		City: <b>Anchorage</b>	State: <b>AK</b>
		Zip: <b>99501</b>	
Phone: <b>(907) 276-6401</b>	Fax:	E-mail:	

E. Applicant's Financial Advisor or Underwriter (if applicable):

Name: <b>N/A</b>		Title:	
Address:		City:	State: Zip:
Phone:	Fax:	E-mail:	

## II. Issue Information

**A. Total amount of bond purchase request:**

\$43,000,000

**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?

N/A

**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

1. Are engineering and specifications completed?  Yes  No

2. If not, when are they projected for completion?

December 2013

3. Have construction bids been awarded?

Yes  No

Spring 2014

4. Are there additional state or local approvals required?

Yes  No

CON

5. Describe timing/scheduling plan:

Attachment #3

6. What is the projected completion date?

Spring 2016

**G. Sources of uses of funds**

Sources of Funds		Uses of Funds	
Bonds (this application)	\$43,000,000	Construction	\$37,456,056
Federal Funds*	\$	Engineering	\$2,556,937
State Funds*	\$	Contingency	\$1,961,372
Applicant's Funds	\$	Cost of Issuance	\$190,000
Other (specify)	\$	Other	\$835,635
Total:	\$43,000,000	Total:	\$43,000,000

\*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 # 4

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 # 5

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 # 6

Are any of the community's major employers expected to make changes in work force or operations? Attachment # 6.1  
 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 # 7

M. Provide your audited financial statements from the last two years. Attachment # 8

N. Provide your current year's budget.

Attachement # 9

O. Provide your capital improvement plan.

Attachement # 10

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 # 11


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



Signature

10/25/2013

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  
Application Credit Review Summary Page

Applicant:	Kodiak Island Borough
Loan Amount:	\$25,000,000
Project Type:	School improvements
Project Description:	The Borough will apply the proceeds of the Bond Bank loan toward the continuation of a multi-year project that will renovate and expand Kodiak High School.
Term of Loan:	20 years
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$9.6 million
Estimated Annual Debt Service:	\$1.78 million
Total Bond Bank Annual Debt Service:	\$8.3 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$52.9 million
Debt Service Coverage of AMBB DS from SSR:	6.235x
Loan Subject to State Debt Service Reimbursement:	Reimbursement at a rate of not less than 60%.
Estimated Borrower Savings (Gross):	\$1.908 million
Estimated Borrower Savings (Present Value):	\$1.354 million
No Litigation Letter Received:	yes

# Loan Application Evaluation

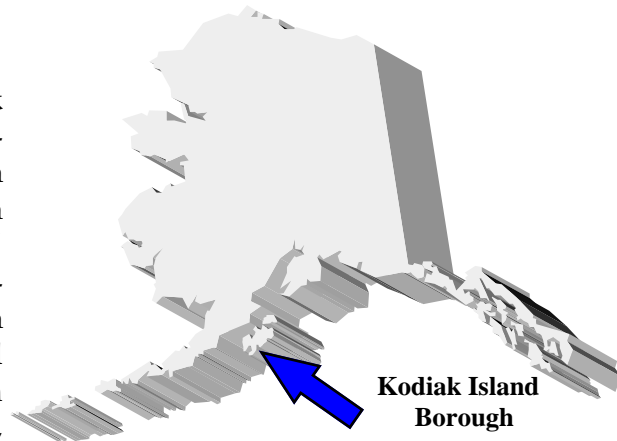
## Kodiak Island Borough

### Introduction

Kodiak Island Borough (the “Borough”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a General Obligation Bond Loan totaling \$25,000,000. The loan proceeds will be used to renovate and expand the Kodiak High School to meet the demands resulting from a growth in enrollment.

### Use of the Bond Bank Loan

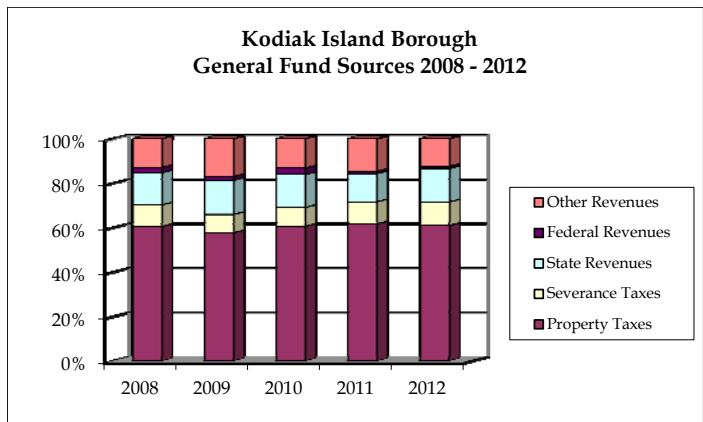
The Borough will use the Bond Bank loan for the continuation of a multi-year Kodiak High School renovation and expansion project. The high school was constructed in 1966 and the last addition of vocational/academic space took place in 1972. Enrollment at the high school is now more than 200 greater than the facility was designed for. In response, Borough voters approved a \$76.31 million bond measure on October 6, 2009 by a 53.5% to 46.5% margin.



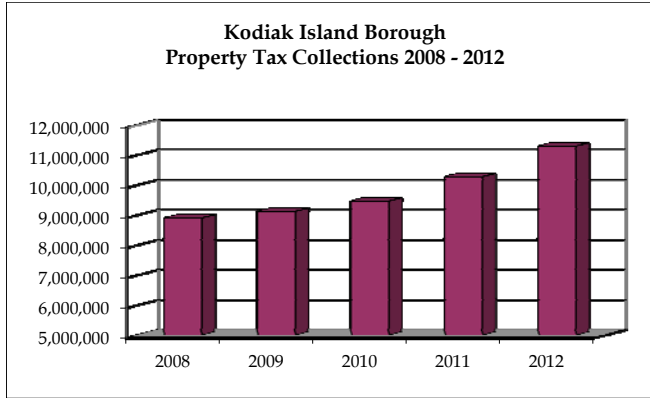
The project includes 77,000 square feet of new construction, 90,000 square feet of renovations and demolition, extensive earthmoving and landscaping as well as utility replacement and parking and driveway improvements. According to the latest available budget, \$58 million has been allocated to construction, \$6.1 million for design, \$1.2 million for construction management, \$1.8 million for equipment, \$600,000 for artwork, \$4.8 million for administration and \$4.3 million in reserves. The Borough’s 2014 loan from the Bond Bank will be the third component of what is a multi-year financing program.

### Borough Financial Position

As of the fiscal year 2012 financial report, the Borough established the Education Support Special Revenue Fund (“ESSRF”). This fund accounts financial support to primary and secondary education in the Borough that was formerly an expenditure in the General Fund. Consequently, the ESSRF receives property taxes that formerly flowed from the General Fund. For the purposes of this report, the General Fund and ESSRF are combined to maintain consistency between the FY 2012 financial report and prior financial reports.



The General Fund derives its revenues primarily from ad valorem property taxes (61.0% in fiscal year 2012), state-shared revenues (15.0% in 2012) and severance taxes (10.6% in 2012). The graph to the above presents the Borough’s relatively stable General

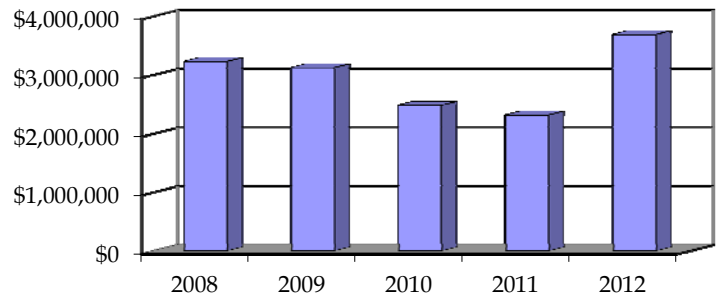


Fund revenue distribution over the past five fiscal years.

The graph shows that property taxes have consistently been the primary source of General Fund revenue, accounting for approximately 60.3% of total General Fund resources over the past five years. State-shared revenues are next in importance, averaging approximately 14.4% over the past five fiscal years. Severance tax revenues have averaged 9.5% over the past five years.

The graph above demonstrates that the primary source of general fund revenues, ad valorem property taxes, increased from approximately \$10.3 million in 2011 to \$11.3 million in 2012, a increase of approximately 9.5%. This reflects growth in assessed valuation of real property in the Borough. The property tax rate in the Borough remained at a millage rate to 10.50 from 2007 through 2011, but was increased to 10.75 in fiscal year 2012.

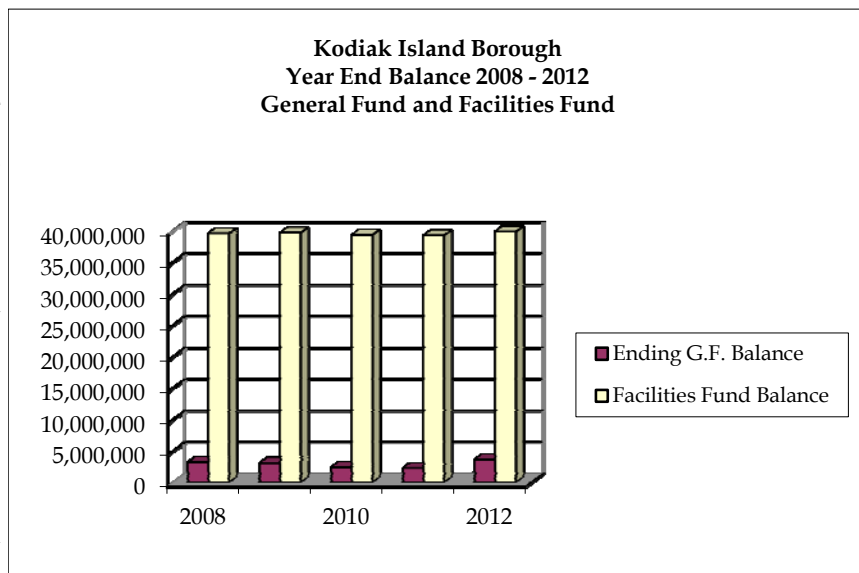
**Kodiak Island Borough General Fund Ending Balance 2008 - 2012**



Over the past five years the Borough has maintained the General Fund balance in the range from \$2.3 million to \$3.7 million. With the conclusion of fiscal year 2012 the year end balance stands at \$3.7 million. On a percentage basis, the General Fund balance has ranged from approximately 17% to as high as 23.9% of General Fund expenditures. For 2012, the General Fund balance amounted to 23.9% of expenditures.

The Borough maintains a Facilities Fund, which was funded with proceeds for the sale of Shuyak Island to the State. The Borough's objective is to preserve the principal of the Facilities Fund, applying interest earnings (after inflation) toward debt service and for payment of insurance on the Borough's buildings. The ending fund balance of the Facilities Fund as of June 30, 2012 amounted to \$39.9 million. The Borough plans to apply investment earnings on the fund toward payment of the debt service on its general obligation bonds, including this Bond Bank loan.

The graph to the right presents the year end balances for the General Fund and for the Facilities Fund from 2008 through 2012.



## Future Capital Plans

As stated previously, the Borough voters approved the issuance of \$76.31 million of general obligation bonds for improvements and expansions to the Kodiak High School. The 2014 Bond Bank loan will be the third issuance under that authorization. The Borough anticipates issuing the balance of the authorized bonds over the next two years. With the sale of the 2014 One Bonds, the Borough's remaining authorization related to Kodiak High School will amount to approximately \$18.3 million.

## State-Aid Intercept

The Bond Bank has the authority to intercept state revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a Bond Bank loan. The Bond Bank has never had to utilize this credit feature. The state aid intercept is, however, a significant credit strength. The table below presents the Borough's revenues subject to intercept compared to maximum annual debt service, including the 2014 loan and the Borough's other outstanding general obligation debt held by the Bond Bank.

Shared Taxes and Fees	\$1,222,846
Dept. of Transportation Reimbursement	\$943,676
Reimbursement and Other Education Funding	\$4,470,047
Education Support Funding	\$28,484,003
Matching Grants	\$17,807,153
Community Jails	\$0
Revenue Sharing	\$0
Total Revenue Subject to Intercept	\$52,927,725
Maximum Annual Debt Service	\$8,338,649
<b>Debt Service Coverage</b>	<b>6.35</b>

## Estimated Borrower Savings

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$1.9 million or \$1.35 million on a present value basis. Savings are a result of lower interest rates and lower costs of issuance that the Borough will face as a result of issuing through the Bond Bank rather than on its own.

## Security and Repayment

The Borough has irrevocably covenanted that it will annually levy taxes, without limitation as to the rate or amount, on all taxable property within its boundaries in an amount sufficient to pay principal of and interest on the Bond Bank loan.

Assessed value in the Borough has grown 42.6% between 2003 and 2012, an average of 4.0% annually over the past ten years. With the sale of this issue, the Borough will have approximately \$116.4 million of debt outstanding under the Bond Bank's 2005 Resolution and \$965,000 of debt outstanding under the 1976 Resolution.

## Statement of No Litigation

The Borough's application was accompanied by a letter from Joseph N. Levesque of the Levesque Law Group, LLC which serves as the Borough Attorney. The letter states, in part, "no litigation is pending or threatened ... affecting the corporate existence of the Borough... or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or affecting the validity or enforceability of the bonds ... or... against 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."

## Summary

Based on our assessment, the security offered by the Borough, as set forth in the Borough's loan application and supplemental materials, provides sufficient security to justify approval of the application. The Borough's General Fund has demonstrated healthy financial results, and the Borough's Facilities Fund adds significantly to the Borough's ability to repay its loan obligations.

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

For Western Financial Group, LLC

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

Chip Pierce



## APPENDIX

### Kodiak Island Borough Demographic Information

Kodiak Island is located on the eastern side of the Gulf of Alaska. It is 252 air miles south of Anchorage, a 55 minute flight, and is a 3 hour flight from Seattle.

Kodiak Island has been inhabited since 8,000 B.C. and was settled by Russian fur trappers in 1792. Sea otter pelts were the primary incentive for Russian exploration at that time. Kodiak was the first capital of Russian Alaska, which moved to Sitka when Alaska was purchased by the U.S. in 1867. Since the Aleutian Campaign of World War II, several branches of the military have maintained a presence in Kodiak. The 1960s brought growth in commercial fisheries and fish processing. The Borough was incorporated in 1963.

The Island culture is grounded in commercial and subsistence fishing activities and is primarily non-Native. A Russian Orthodox Church seminary is based in Kodiak, one of the two existing seminaries of this kind in the U.S. The Coast Guard comprises a significant portion of the Borough.

Fishing, fish processing, retail, services and the health care industries are the key employers. The Borough has one of the most diverse fisheries in the world, which helps insulate it from downturns in the production of any one fishery. The Coast Guard, City, Borough, state, and federal agencies also provide employment. Kodiak has consistently ranked as the second or third largest port in the nation in terms of seafood value. The labor force of the Borough is dominated by the fishing industry. Approximately one-third of the Borough's workforce is employed in the fish harvesting industry. An important factor in the prominence of Kodiak as a fishing center is the diversity of its harvest. The five major fisheries (salmon, cod, pollock, halibut and crab) provide economic diversification and stabilize the seasonal nature of the fishing industry. Salmon are landed over the summer and most crab are landed in the winter. Halibut is open from March through November. The groundfish season (cod and pollock) are landed throughout the year.

Kodiak is home to several seafood processors that make products directly from landed catch. These products include fresh frozen fish, canned fish and surimi, a fish paste used in making imitation seafood products.

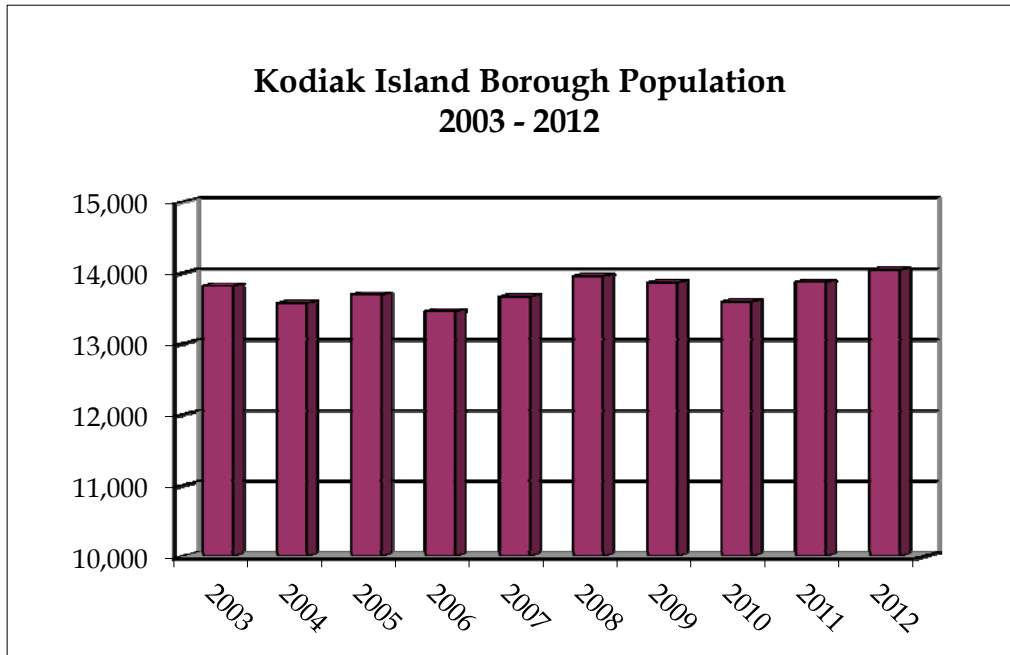
A low-Earth orbit launch complex, Kodiak Launch Complex, is located 30 miles southwest of Kodiak at Cape Narrow. The Complex is used to launch small satellites into polar, high inclination orbits. The \$28-million facility was completed in late 2000.

Communities located within the Borough include: Akhiok, Chiniak, Karluk, Kodiak, Kodiak USCG Station, Larsen Bay, Old Harbor, Ouzinkie, Port Lions, Uganik, and Womens Bay.

Kodiak is accessible by air and sea. Airports and seaplane facilities serve air traffic island-wide. The Alaska Marine Highway System operates a ferry service from Seward and Homer. Two boat harbors serve commercial and transient vessels. Approximately 140 miles of state roads connect island communities on the east side of the island.

The Kodiak Island Borough School District has an enrollment of approximately 2,700 students. The District operates 7 kindergarten through 12th grade schools in outlying areas of the Borough and 4 elementary schools in and around the City of Kodiak. The District also operates the Kodiak Middle School, Kodiak High School and Kodiak Regional Learning Center.

The graph below shows the Borough's population over the past 12 years. As the graph indicates, the Borough's population over that period has remained quite stable, ranging from approximately 13,600 to 14,000.





# *Kodiak Island Borough*

*Finance Department*

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9320 Fax (907) 486-9399

December 17, 2013

Deven Mitchell  
Alaska Municipal Bond Bank Authority  
Department of Revenue  
PO Box 110405  
Juneau, AK 99811-0405

Dear Mr. Mitchell,

One of the questions on the application for bonds asks if there are any bonds we have authorized by the voters but not yet issued. The voters have approved \$76,310,000 in General Obligation Bonds. At this time we have sold \$33,019,818 of these bonds. This authorizes the Borough to issue another \$43,290,182 in general obligation bonds.

Sincerely,

A handwritten signature in blue ink that reads "Karleton G. Short". The signature is written in a cursive, flowing style.

Karleton G. Short, Finance Director

Cc Bud Cassidy, Borough Manager



## Application for Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or general obligation 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			
<b>A. Name of Governmental Unit (Applicant):</b>			
Kodiak Island Borough			
<b>B. Type of government (home rule, first class, authority, etc.):</b>			
2nd class borough			
<b>C. Contact Person for the government:</b>			
Name:		Title:	
Karleton Short		Finance Director	
Address:		City: State: Zip:	
710 Mill Bay Road		Kodiak	AK 99615
Phone:		Fax:	E-mail:
907-486-9320		907-486-9399	<a href="mailto:kshort@kodiakak.us">kshort@kodiakak.us</a>
<b>D. Applicant's Bond Counsel:</b>			
Name:		Title:	
Marc Greenough and Joe Levesque			
Address:		City: State: Zip:	
1111 Third Ave, Suite 3400		Seattle	WA 98101
Phone:		Fax:	E-mail:
206-447-7888		206-749-2088	GreeM@foster.com
<b>E. Applicant's Financial Advisor or Underwriter (if applicable):</b>			
Name:		Title:	
Address:		City: State: Zip:	
Phone:		Fax:	E-mail:

**II. Issue Information**

**A. Total amount of bond purchase request:**

\$25,000,000.00

**B. Total term of requested loan:** 20 years

**C. Preferred principal and interest payment months:** X **principle/interest**            **interest only**

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

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

Yes:	No:	Percent of registered voters casting ballots
1281	1114	25%

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

**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.**

- Are engineering and specifications completed?  Yes  No
- If not, when are they projected for completion? \_\_\_\_\_
- Have construction bids been awarded?  Yes
- Are there additional state or local approvals required?  Yes  No
- Describe timing/scheduling plan: Bid opening scheduled for 2/20/13. Contract award 3/7/2013. Notice to Proceed 3/8/2013. Construction start 4/1/2013.

6. What is the projected completion date? 11/1/2015

**G. Sources of uses of funds**

<b>Sources of Funds</b>		<b>Uses of Funds</b>	
Bonds (this application)	\$25,000,000	Construction	25,000,000
Federal Funds*	\$	Engineering	\$
State Funds*	\$	Contingency	\$
Applicant's Funds	\$	Cost of Issuance	\$
Other (specify)	\$	Other	\$
Total:	\$25,000,000	Total:	25,000,000

\*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:

The total cost of the project is estimated (budgeted) at \$80,479,000. We are planing to sell a total of \$76,310,000 in General Obligation Bonds with the rest being transferred in from other projects. These other projects were funded by GO Bonds.

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. All information is on file with the Bond Bank

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? 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? 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? 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? 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.

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 All of our anticipated debt is listed in the previous question.

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.) This information is available in our budget located on our web site at <http://www.kodiakak.us>

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
2008	13954	State of Alaska
2009	13860	State of Alaska
2010	13592	State of Alaska
2011	13870	State of Alaska
2012	14239	State of Alaska

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. → Attached In Both CAFR and Budget

M. Provide your audited financial statements from the last two years (provide your unaudited statement if an audit hasn't been preformed). These reports are available on our website at

N. Provide your current year's budget. The budget is available on our website. <http://www.kodiakak.us/>

O. Provide your capital improvement plan. Our capital improvement plan is part of our budget.

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
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



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

Karleton Short  
Name (print)

Finance Director  
Title

Karleton Short  
Signature

December 17, 2013  
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  
Application Credit Review Summary Page

Applicant:	City and Borough of Juneau (the "CBJ")
Loan Amount:	Approximately \$36,000,000
Project Type:	Cruise ship dock improvements.
Project Description:	The CBJ will apply the proceeds of the Bond Bank loan to fund improvements to offshore floating cruise ship dock facilities and to enhancements of the Juneau waterfront. The project is expected to be financed in three stages, with the first stage of funding to come from the Bond Bank's 2014 One Bond issue. Additional financing is expected to come from bond sales in the fall of 2014 and the fall of 2015.
Term of Loan:	25 years per series
Revenues Pledged to Loan:	Port Development Fees
Most Recent FY Pledged Revenues:	\$2.83 million
Estimated Maximum Annual Debt Service (Total Project):	\$2.29 million
Total Bond Bank Maximum Annual Debt Service:	\$13.4 million
Most Recent FY Debt Service Coverage Ratio:	1.24x
Most Recent FY State-Shared Revenues (SSR):	\$91.3 million
Debt Service Coverage of AMBB DS from SSR:	6.82x
Loan Subject to State Debt Service Reimbursement:	No
Estimated Borrower Savings for 2014 One Loan (Gross):	\$601 thousand
Estimated Borrower Savings for 2014 One Loan (Present Value):	\$387 thousand
No Litigation Letter Received:	Yes

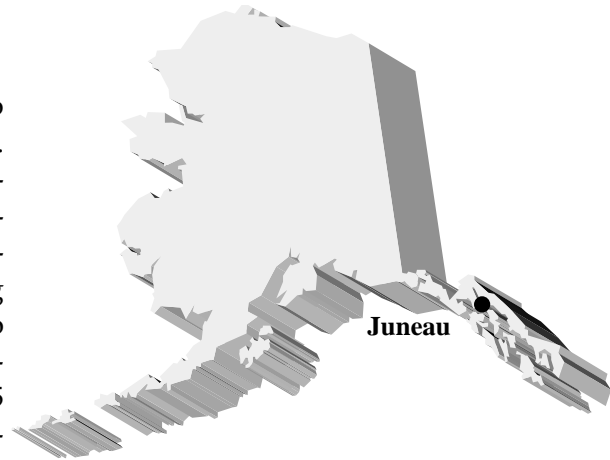
# Loan Application Evaluation City and Borough of Juneau

## Introduction

The City and Borough of Juneau (the “CBJ”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a loan totaling approximately \$36,000,000. The loan will be used by the CBJ to finance improvements to Juneau’s cruise ship dock facilities.

## The Projects

The project involves installing two new floating concrete docks for cruise ships. These docks will be seaward of Juneau’s existing docks. The project also includes related uplands work and improvements to portions of the water front Seawalk. The floating docks and uplands project are estimated to cost a total of \$75 million. The Seawalk project is estimated to cost approximately \$15 million. The Seawalk project is being developed in accordance with the CBJ Assembly Waterfront Development Plan that was adopted in 2004.



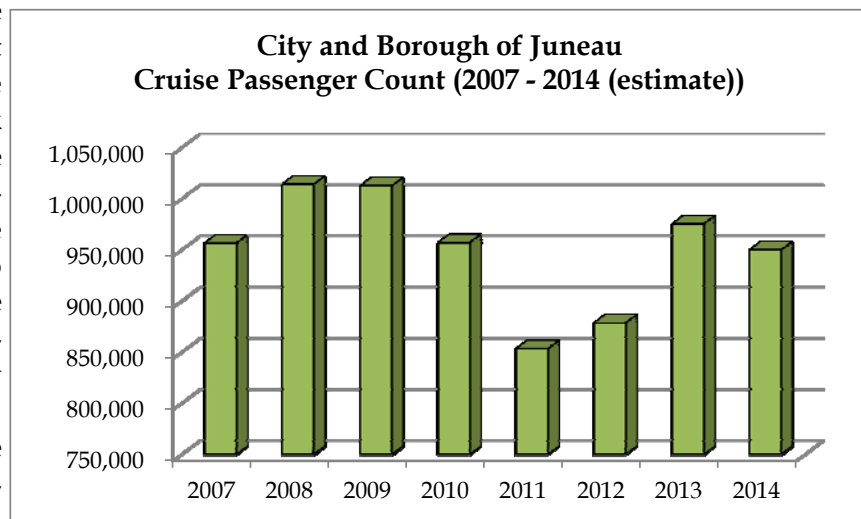
The Seawalk portion of project was initiated in October 2013 and has a number of phases. Project completion is expected in the fall of 2016.

## Juneau Cruise Ship Activity

The significance of the cruise industry to Juneau has increased significantly over the past 20 years. Juneau has become a major destination in the cruise industry and is on most itineraries of ships cruising the Inside Passage. Cruise passenger debarkations have grown from approximately 400 thousand in the early 1990’s to more than 1 million in 2008 and 2009. Passenger counts dropped following the recession that began in 2008, but have recently approached pre-recession levels.

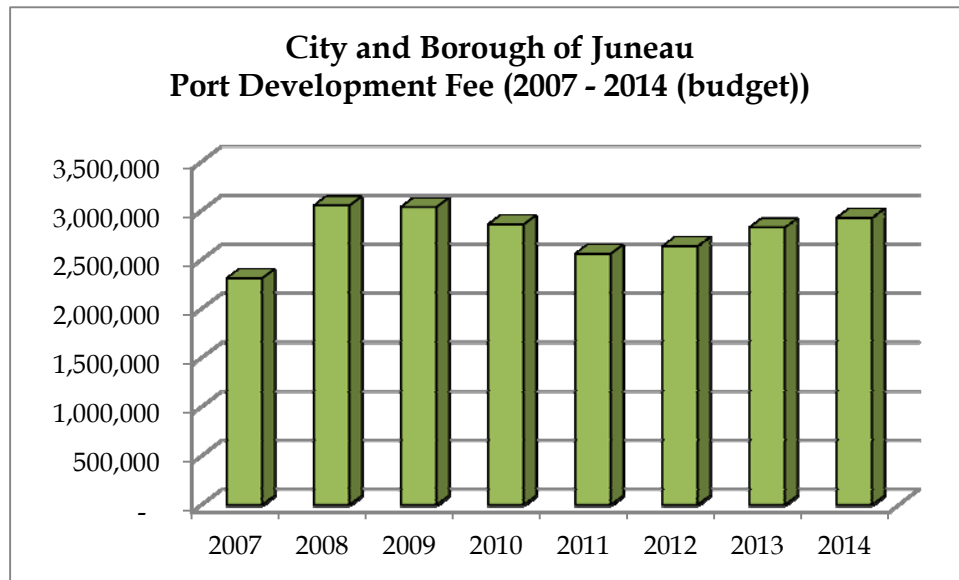
The projects to be completed over the next two-to-three years at the Juneau cruise ship dock will accommodate the larger ships that are increasingly popular in the industry and help to keep Juneau competitive with other Alaska destinations, such as Skagway and Ketchikan.

The graph to the right presents the number of cruise ship passengers that have visited Juneau over the past eight years, with a forecast for fiscal year 2014.



The graph to the right presents the number of cruise ship passengers that have visited Juneau over the past eight years, with a forecast for fiscal year 2014.

Recognizing the impact that cruise ships have on the Juneau economy, CBJ instituted two cruise-based fees in order to maintain the capital facilities that make Juneau an attractive port-of-call, as well as to insure that cruise passengers and cruise companies bear some of the cost associated with the infrastructure developed to serve them. One of these, the \$3 per head Port Development Fee (“PDF”), has been dedicated to dock improvements. The PDF has been applied toward the project since 2012 and will be pledged to the repayment of the bonds issued under this application. In addition, the \$5 per passenger State Marine Passenger Fee has been applied on a pay-as-you-go basis toward the project, and will continue to be so through fiscal 2016, at which point it will be available for other dock-related purposes. The graph below presents PDF collections over the past eight years, including budgeted figures for 2014.



As the graph demonstrates, the PDF revenues declined during the recession, but have nearly returned to pre-recession levels.

### Security and Repayment

As indicated previously, the bonds will be secured by the PDF. This fee was initially enacted by the Assembly on July 1, 2002. The fee is \$3.00 per passenger based on the cruise ships' passenger manifests. In addition, the CBJ will fund a debt service reserve fund to the maximum allowed under federal tax law. The reserve will be held by the Bond Bank's trustee.

The additional bonds test in the CBJ revenue bond ordinance requires that, before additional parity bonds may be issued, CBJ must demonstrate that PDF revenues pledged to bonds issued on parity with the Bond Bank bonds are sufficient to cover existing and projected debt service by 1.20 times based on audited PDF collections. Alternatively, CBJ may issue additional parity bonds based on the report of an expert consultant that takes into account: 1) the historic PDF revenue for any 12 of the preceding 30 months; and 2) revenue to be derived from any additional fees and charges that have been established by the Assembly as new PDF revenues. The forecast test requires achieving a 1.35 times coverage ratio.

The 2014 bonds will be the first issued under the CBJ revenue bond ordinance and it includes a rate covenant that requires CBJ to establish, maintain and collect Port Development Fee revenues sufficient to cover debt service by 1.20 times. If CBJ fails to maintain revenues sufficient to meet the rate covenant, the bond resolution requires CBJ to retain an expert consultant to make recommendations on rate increases in order to meet the rate covenant.

## Future Capital Plans

On October 2, 2012 voters authorized the sale of \$25 million of general obligation bonds for various capital projects throughout Juneau. CBJ has issued \$3 million against this authorization through the Bond Bank in early 2013. The balance of the bonds are expected to be sold in 2014 and 2015 and will be used for renovations to Centennial Hall, Aurora Harbor reconstruction, airport terminal renovations, Eaglecrest learning center and lodge improvements, Capital Transit improvements, and improvements to various CBJ parks, including Adair-Kennedy Memorial Park bathrooms and concessions, Dimond Park bathrooms and concessions, and Melvin Park bathrooms and concessions.

## State Aid Intercept

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

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

Shared Taxes and Fees	\$4,662,940
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$14,161,151
Education Support Funding	\$43,616,733
Matching Grants	\$28,847,546
Community Jails	\$0
Revenue Sharing	\$0
Total Revenue Subject to Intercept	\$91,288,370
Maximum Annual Debt Service	\$13,393,655
<b>Debt Service Coverage</b>	<b>6.82</b>

## Estimated Borrower Savings

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

## Statement of No Litigation

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

## Summary

Based on our assessment, the security offered by the CBJ, as set forth in the CBJ's loan application and supplemental materials, provides sufficient security to justify approval of the application. The Port Development Fee is forecast to produce debt service coverage of approximately 1.24 times coverage of the Authority bond, assuming a 25 year amortization on all three anticipated financings associated with this project. Furthermore, as one of the largest municipal governments in the State, the CBJ has significant revenues available for intercept by the Authority in the event that the revenues generated by the PDF fall below projections.

For these reasons, we recommend approval of this loan application. If you have any questions related to the preceding report, please do not hesitate to call me at (503) 719-6113.

For Western Financial Group, LLC

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

Chip Pierce

## Juneau Economic and Demographic Information

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

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

CBJ's population at the end of 2012 was 32,832 (up 1.7% from 2011). Over the past 12 years CBJ population growth has averaged 0.6% a year. As the state capital, Juneau is supported largely by State and Federal employment, and by tourists cruising the Inside Passage. It is the fourth largest community in Alaska. About one-third of residents live downtown or on Douglas Island; the remaining two-thirds live elsewhere along the roaded area. Juneau has a Tlingit history with a strong historical influence from the early prospectors and boom town that grew around full-scale gold mining operations. According to the 2010 U.S. Census, there are 13,055 total housing units and 868 were vacant. The unemployment is estimated at 4.00% in August 2013, well below the national average. Median household income in 2011 was \$77,558, per capita income was \$48,596, and 6.5% of residents lived below the poverty level.

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

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

The State, City & Borough of Juneau, and federal agencies provide nearly 40% of the employment in the community. Juneau is home to State Legislators and their staff during the legislative session between January and April. Tourism is a significant contributor to the private sector economy during the summer months, providing a \$130 million income and nearly 2,000 jobs. The national recession resulted in a decline to approximately 865,000 passengers in 2010 from approximately 1,000,000 prior to the recession that began in 2008. Subsequently, passenger counts have rebounded to approximately 950,000. The Mendenhall Glacier, Juneau

Icefield air tours, Tracy Arm Fjord Glacier, State Museum, and Mount Roberts Tramway are local attractions.

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

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

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





## Application for Bonds

This is a request for the Alaska municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or general obligation bond issues of the applicant. This is not 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):  
City and Borough of Juneau, Alaska

B. Type of Government (home rule, first class, authority, etc.):  
Home rule

### C. Contact Person for the Government

Name:		Title:	
Robert N. Bartholomew		Finance Director	
Address:		City:	State: Zip:
155 South Seward Street		Juneau	AK 99801
Phone:	Fax:	Email:	
907-586-0300	907-586-0358	<a href="mailto:bob_bartholomew@ci.juneau.ak.us">bob_bartholomew@ci.juneau.ak.us</a>	

### D. Applicant's Bond Counsel:

Name:		Title:	
Cynthia Weed, KL Preston Gates Ellis, LLP		Bond Counsel	
Address:		City:	State: Zip:
925 Fourth Avenue		Seattle	WA 98104
Phone:	Fax:	Email:	
206-623-7581	206-370-6191	<a href="mailto:cynthia@klgates.com">cynthia@klgates.com</a>	

### E. Applicant's Financial Advisor or Underwriter (if applicable):

Name:		Title:	
Lawrence "Chip" Pierce, Western Financial Group		Financial Advisor	
RBC Capital Markets		Underwriter (for this application)	
Address:		City:	State: Zip:
3300 NW 185th Ave, #270		Portland	OR 97229
Phone:	Fax:	Email:	
503-719-6113	None	<a href="mailto:pierce@westernfinancialgroup.com">pierce@westernfinancialgroup.com</a>	

**II. Issue Information**

**A. Total amount of bond purchase request:**

\$36,000,000

**B. Total term of requested loan:** 25 years

Principal/In  
terest X Interest  
Only X

**C. Preferred principal and interest payment months:** X

Note: Prefer semi-annual payments, one interest only, and one P&I.

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

         Required & Attached   X   Not Required

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

Yes	No	% of registered voters casting ballots

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? If yes, provide details of the additional security:

  x   Yes, details attached          No

**E. Will you need interim financing?**

         Yes, details below   X   No

Amount:	Maturity:	Rate:	Lender:

Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing

         Yes, details attached   X   N/A

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

- 1. Are engineering and specifications completed?   X   Yes          No
- 2. If no, what is the projected specification completion date?
- 3. Have construction bids been awarded?          Yes   X   No
- 4. Are there additional state or local approvals required? Describe.          Yes   x   No

**Phase 1 needs no additional approvals. Final DNR land transfer needed for phase 2.**

5. Describe timing/schedule plan:

**See attached.**

6. Project completion date:   March 30, 2016  

**G. Sources and Uses of Funds**

Source of Fund		Uses of Funds	
Bonds (this application)	<u>\$36,252,000</u>	Construction	<u>\$ 80,804,236.00</u>
Federal Funds*	<u>\$ -</u>	Engineering	<u>\$ 6,300,000.00</u>
State Funds*	<u>\$ 32,523,000.00</u>	Contingency	<u>\$ 5,432,000.00</u>
Applicant's Funds	<u>\$ 26,915,000.00</u>	Cost of Issuance	<u>\$ 253,764.00</u>
Other (specify) Issuance	<u>  </u>	Other (Bond Reserve)	<u>\$ 2,900,000.00</u>
	<u>\$ 95,690,000.00</u>		<u>\$ 95,690,000.00</u>

\*If State of Federal funds are involved, provide a complete description of the status and uses of these funds. Attach a sheet of paper indicating which costs, including costs of issuance, would be paid for with AMBBA bond proceeds. **Schedule Attached.**

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. **Page 60- [http://www.juneau.org/financeftp/controller\\_CAFR.php](http://www.juneau.org/financeftp/controller_CAFR.php)**

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund Reserves? **Yes - We have entered into several leases for copiers and data systems. The data system was \$4.4 million, the others are immaterial.**

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, the school bonds qualify for 70% State reimbursement and hospital revenue bonds supported by their operating revenues.**

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? If yes, please attach an explanation. **Yes - At 6/30/11 CBJ was out of compliance with the 125% of Net Revenues Requirement for the AMBBA 2007 Series Three Issue (Harbor Revenue Bonds). CBJ was back in compliance at 6/30/12.**

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

F. Provide information on the amount, timing, and purpose of any bonds authorized by the voters, but not yet issued. **See attached schedule.**

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. **No current plans for additional bonds sales other than items in answer question III F.**

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. **<http://www.jedc.org/economic-indicators>**

I. Are any of the community's major employers expected to make changes in work force or operations? If yes, please attach an explanation. **No**

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

Year	Population	Source
2012	32,832	AK Dept. of Labor & Workforce Development
2011	32,290	AK Dept. of Labor & Workforce Development
2010	31,275	AK Dept. of Labor & Workforce Development
2009	30,946	AK Dept. of Labor & Workforce Development
2008	30,554	AK Dept. of Labor & Workforce Development

K. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. **See attached schedule.**

L. Provide your audit financial statements from the last two years, or unaudited statements if an audit has not been performed **[http://www.juneau.org/financeftp/controller\\_CAFR.php](http://www.juneau.org/financeftp/controller_CAFR.php)**

M. Provide your current year's budget **<http://www.juneau.org/financeftp/budget.php>**

N. Provide your capital improvement plan **<http://www.juneau.org/engineering/CIP/2013-2018.php>**

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

#### IV. Legal Information

A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threat in any court in anyway.

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 of involving any of the property or assets of our under the control of your government, 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, or 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

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

Robert. N. Bartholomew

\_\_\_\_\_  
Name

Finance Director

\_\_\_\_\_  
Title



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date of Application

Please return all applications to:

Devon Mitchell

Alaska Municipal Bond Bank Authority

Department of Revenue

PO Box 110405

Juneau, AK 99811-0405

[devon\\_mitchell@revenue.state.ak.us](mailto:devon_mitchell@revenue.state.ak.us)

**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2014-01**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION BONDS, 2014 SERIES ONE, OF  
THE ALASKA MUNICIPAL BOND BANK**

WHEREAS, the Board of Directors of the Alaska Municipal Bond Bank (the "Bank") by Resolution entitled "A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof," adopted July 13, 2005, as amended August 19, 2009 (the "Resolution"), has created and established an issue of Bonds of the Bank; and

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

WHEREAS, the Board of Directors of the Bank has determined that it is necessary and required that the Bank issue at this time a Series of Bonds to be designated "Alaska Municipal Bond Bank General Obligation Bonds, 2014 Series One" (the "2014 Series One Bonds") to provide moneys to carry out the purposes of the Bank;

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

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

Section 101 - Series Resolution.

This Series Resolution (the "2014 Series One 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 2014 Series One Resolution and with respect to the 2014 Series One 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 2014 Series One Bond is recorded as the beneficial owner of such 2014 Series One Bond by the respective systems of Depository Trust Company and the Depository Trust Company Participants or the registered owner of the 2014 Series One Bond if the 2014 Series One 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 2014 Series One Bonds (and in the case of sub-series, for each sub-series).

(5) "Bond Year" shall mean each one-year period that ends on an anniversary of the date of issue of the 2014 Series One 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 2014 Series One 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 2014 Series One 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 Kenai Peninsula Borough, Alaska, (b) by and between the Bank and the City and Borough of Juneau, Alaska, (c) by and between the Bank and the Kodiak Island Borough, Alaska, and (d) by and between the City of King Cove, Alaska, each pertaining to the repayment of a Loan to the Governmental Unit as provided for herein.

(15) "Record Date" shall mean fifteen days preceding each interest payment date with respect to the 2014 Series One Bonds.

(16) "Underwriter" shall mean the purchaser of the Bonds (and in the case of sub-series, for each sub-series), together with any other financial institution authorized by the Bank.

(17) "2014 Series One Bonds" shall mean the Bonds, issued in one or more sub-series, authorized by Article II hereof.

## ARTICLE II AUTHORIZATION OF 2014 SERIES ONE 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, 2014 Series One" is hereby authorized to be issued in the aggregate principal (par) amount of not to exceed \$77,000,000. The Executive Director is hereby authorized to change the designation to allow for sub-series of the 2014 Series One Bonds, and to allow for the sale of the 2014 Series One Bonds to be combined and sold with other Bonds authorized by a Series Resolution and approved by the Board of Directors of the Bank.

At the written direction of the Chairman or Executive Director, the Trustee shall designate a particular principal amount of the 2014 Series One Bonds as a separate sub-series. Each sub-series of 2014 Series One Bonds shall be identified by the year of issue, the sequential letters, the word two and such further designation as deemed appropriate by the Executive Director (e.g., General Obligation Bonds, 2014A Series One).

Section 202 - Purposes.

The purposes for which the 2014 Series One 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 2014 Series One Resolution.

Section 203 - Date, Maturities and Interest Rates.

The 2014 Series One Bonds (and in the case of sub-series, each sub-series) shall be dated the date the 2014 Series One Bonds are delivered to the Underwriter subject to the terms and conditions set forth in this 2014 Series One Resolution. Subject to adjustment as provided for in this Section 203, the 2014 Series One Bonds shall mature, or have Sinking Fund Installments due, on the 1st day of March in the respective principal amounts, as set forth below:

<u>Maturity Year</u>	<u>Principal Amount</u>	<u>Maturity Year</u>	<u>Principal Amount</u>
2015	\$2,695,000	2028	\$4,120,000
2016	2,820,000	2029	4,330,000
2017	2,870,000	2030	4,535,000
2018	2,905,000	2031	4,760,000
2019	2,980,000	2032	4,950,000
2020	3,075,000	2033	5,185,000
2021	3,020,000	2034	5,455,000
2022	3,135,000	2035	400,000
2023	3,245,000	2036	425,000
2024	3,410,000	2037	445,000
2025	3,580,000	2038	465,000
2026	3,760,000	2039	490,000
2027	3,945,000		

Notwithstanding the foregoing, the exact principal amount of each maturity (and in the case of sub-series, of each sub-series), or the exact amount of each Sinking Fund Installment (and in the case of sub-series, of each sub-series), the maturity dates (and in the case of sub-series, of each sub-series), and the interest rates of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series) shall be fixed and determined by the Chairman or the Executive Director at the time the 2014 Series One Bonds are sold pursuant to Section 210 hereof but subject to the limitations set forth in Section 201 hereof.



#### Section 204 - Interest Payments.

The 2014 Series One Bonds (and in the case of sub-series, of each sub-series) shall bear interest from their dated date. The first interest payment date shall be September 1, 2014 (or such other date as may be fixed and determined by the Chairman or the Executive Director); thereafter, interest on the 2014 Series One Bonds (and in the case of sub-series, of each sub-series) shall be payable on the 1st days of March and February (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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds authorized herein. The 2014 Series One Bonds (and in the case of sub-series, of each sub-series) shall be numbered serially with any additional designation that the Bank deems appropriate.

#### Section 206 - Securities Depository.

(1) The 2014 Series One 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds, (and in the case of sub-series, of each sub-series), together with a written request of an

Authorized Officer and a supply of new 2014 Series One Bonds (and in the case of sub-series, of each sub-series), authenticate a single new 2014 Series One Bond (or in the case of sub-series, a single new 2014 Series One Bond of each such series, of each sub-series) for each maturity of 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds may then be transferred to any person or entity as provided in the Resolution and such 2014 Series One Bonds (and in the case of sub-series, of each sub-series) shall no longer be held in book-entry form. An Authorized Officer shall deliver a written request to the Trustee to issue 2014 Series One Bonds (and in the case of sub-series, of each sub-series) as provided in the Resolution in any authorized denomination, together with a supply of definitive Bonds. Upon receipt of all then Outstanding 2014 Series One Bonds (and in the case of sub-series, of each sub-series) by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2014 Series One Bonds (and in the case of sub-series, new 2014 Series One Bonds of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2014 Series One Bonds, selecting such 2014 Series One Bonds (and in the case of sub-series, of each sub-series), 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 2014 Series One Resolution), registering the transfer of such 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series), 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series), 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) to the extent of the sum or sums so paid.

#### Section 207 - Places and Manner of Payment.

For so long as all Outstanding 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) are no longer registered in the name of Cede & Co. or its registered assigns, (i) payment of interest on the 2014 Series One 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) will be payable at the corporate trust office of the Trustee upon surrender of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series) representing such principal. Both principal of and interest on the 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series

One Bonds (and in the case of sub-series, of each sub-series) and shall cause any such provisions to be included in the Bond Purchase Contract and the form of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series).

#### 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series) and shall cause any such provisions to be included in the Bond Purchase Contract and the form of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series).

#### Section 210 - Sale of 2014 Series One Bonds.

The 2014 Series One Bonds shall be sold at negotiated sale to the Underwriter 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 2014 Series One Bonds (and in the case of sub-series, for each sub-series) upon his approval of the sale details of the 2014 Series One Bonds, including, but not limited to, whether the 2014 Series One Bonds shall be issued and sold in one or more sub-series, the dated date and the delivery date of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series), the aggregate principal (par) amount of the purchase price of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series), the maturity and the interest payment dates of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series), and the redemption provisions and interest rate of each maturity of the 2014 Series One Bonds (and in the case of sub-series, of each sub-series). Provided, however, the aggregate principal amount of the 2014 Series One Bonds shall not exceed Seventy-Seven Million and No/100 Dollars (\$77,000,000.00), the true interest cost on the 2014 Series One Bonds (and in the case of sub-series, of each sub-series) 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 2014 Series One Bonds (and in the case of sub-series, for each sub-series). 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 2014 Series One Bonds (and in the case of sub-series, of each sub-series).

The Underwriter for the 2014 Series One Bonds (or in the case of sub-series, for such sub-series) issued on a tax-exempt basis shall be RBC Capital Markets, LLC. The Underwriter for the 2014 Series One Bonds (or in the case of sub-series, for such sub-series) issued on a taxable basis shall be J.P. Morgan Securities, LLC.

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 2014 Series One 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 2014 Series One 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 2014 Series One 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 2014 Series One Bonds the Bank shall, in accordance with Article V of the Resolution, apply a portion of the proceeds derived from the sale of the 2014 Series One Bonds to the making of a (i) Loan to the Kenai Peninsula Borough, Alaska, in the principal amount not to exceed \$43,000,000, to be used to finance medical capital improvements; (ii) Loan to the City and Borough of Juneau, Alaska, in the principal amount not to exceed \$6,500,000, to be used to finance port and harbor capital improvements; (iii) Loan to the Kodiak Island Borough, Alaska, in the principal amount not to exceed \$25,000,000 to be used to finance educational capital improvements; and (iv) 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.

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 available cash or proceeds from the 2014 Series One 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 2014 Series One Bonds.

Section 303 - Disposition of Remainder of Bond Proceeds.

The balance of the proceeds of the sale of the 2014 Series One Bonds representing any premium received over the principal amount of the 2014 Series One Bonds after deducting the amounts to be paid for costs of issuing the 2014 Series One 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 2014 Series One Bonds

Section 401 - Execution and Form of 2014 Series One Bonds.

The 2014 Series One Bonds shall be executed in the manner set forth in Section 303 of the Resolution. Subject to the provisions of the Resolution, the 2014 Series One Bonds, and the Trustee's certificate of authentication, shall be of substantially the following form and tenor:

ALASKA MUNICIPAL BOND BANK  
GENERAL OBLIGATION BONDS, 2014[A][B] SERIES ONE

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, 20\_\_, 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 or assigns 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 2014 Series One 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, the applicable Series 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 and the applicable Series Resolution.

This Bond is one of a series [sub-series] of Bonds (the "2014 Series One Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_ under the Resolution of the Bank and a series resolution of the Bank, adopted January \_\_, 2014, and entitled: "A Series Resolution Authorizing the Issuance of General Obligation Bonds, 2014 Series One, 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 2014 Series One Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2014 Series One 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 2014 Series One Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2014 Series One Bonds maturing on and after \_\_\_\_\_ 1, 20\_\_, are subject to redemption, in whole or in part, on or after \_\_\_\_\_ 1, 20\_\_, at the option of the Bank on any date 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 2014 Series One 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 2014 Series One Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Term Bonds Due \_\_\_\_\_ 1, 20\_\_

<u>Year</u>	<u>Sinking Fund Requirement</u>
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Notice of redemption will be mailed to owners of 2014 Series One Bonds called for redemption not less than 30 days nor more than 60 days before the redemption date. Interest on any 2014 Series One 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 2014 Series One 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 2014 Series One Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2014 Series One 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, 2014 Series One Bonds (and in the case of sub-series, of each sub-series), 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 2014 Series One Bonds of any other authorized denominations, of the same maturity (and in the case of sub-series, of each sub-series).

The Bank is obligated to pay the principal of and interest on the 2014 Series One 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 2014 Series One 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 2014 Series One 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 2014 Series One Bonds shall be liable personally on the 2014 Series One 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 2014 Series One 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 \_\_\_\_\_ 2014.

ALASKA MUNICIPAL BOND BANK

[ S E A L ]

\_\_\_\_\_  
MARK E. PFEFFER  
Chairman

A T T E S T:

\_\_\_\_\_  
DEVEN J. MITCHELL  
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 2014 Series One 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 2014 Series One 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 2014 Series One 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 - 2014 Series One Debt Service Account.

There is hereby established as a special account in the Debt Service Fund the "2014 Series One Debt Service Account," for the purpose of receiving amounts in the Debt Service Fund allocable to the 2014 Series One Bonds, and in the case of sub-series, a "2014 Sub-Series [ ] Debt Service Sub-Account" shall be created for each sub-series. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the 2014 Series One Debt Service Account (and in the case of sub-series, in each 2014 Sub-Series Debt Service Sub-Account).

#### Section 504 - Tax Exemption and General Tax Covenant.

The Bank intends that interest on the 2014 Series One Bonds issued on a tax-exempt basis 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 2014 Series One Bonds issued on a tax exempt basis 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 2014 Series One Bonds which will cause the 2014 Series One 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 2014 Series One Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2014 Series One 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 January 9, 2014, 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 2014 Series One 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 2014 Series One Resolution, the Resolution or the 2014 Series One 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 2014 Series One Resolution and to effectuate the issuance and delivery of the 2014 Series One 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 2014 Series One Resolution shall take effect immediately on the date hereof (January 9, 2014).

**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. Hickey

**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](http://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, 2014 Series One (the "Bonds"). The Bonds are being issued under the General Bond Resolution of the Bank entitled "A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof," adopted July 13, 2005, as amended August 19, 2009 (the "General Bond Resolution"), and Series Resolution No. 2014-01 adopted on January \_\_, 2014 (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 \_\_\_\_\_ 2014.

ALASKA MUNICIPAL BOND BANK

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DEVEN J. MITCHELL  
Executive Director

**FORM OF  
LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated as of the \_\_\_ day of February, 2014, 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. 2014-01, approved on January \_\_, 2014 (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.

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>
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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 JANUARY 23, 2014

**New Issue  
Book-Entry Only**

**Fitch Rating: Applied for  
Moody's Rating: Applied for  
(See "Ratings" herein.)**

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

**\$70,140,000\***

### **Alaska Municipal Bond Bank General Obligation Bonds, 2014 Series One**

**\$49,010,000\***

**General Obligation Bonds  
2014A Series One  
(Tax-Exempt Governmental Purpose)**

**\$21,130,000\***

**General Obligation Bonds  
2014B Series One  
(Taxable)**

**Dated: Date of Delivery**

**Due: As shown on inside cover**

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing \$49,010,000\* principal amount of General Obligation Bonds, 2014A Series One (Tax-Exempt Governmental Purpose) (the "2014A Series One Bonds") and \$21,130,000\* principal amount of General Obligation Bonds, 2014B Series (Taxable) (the "2014B Series One Bonds", and together with the 2014A Series One Bonds, the "2014 Series One Bonds"). The 2014 Series One 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 2014 Series One Bonds. Individual purchases of the 2014 Series One Bonds will be made in principal amounts of \$5,000 or integral multiples thereof within a single maturity. Purchasers of the 2014 Series One Bonds will not receive certificates representing their beneficial ownership interests in the 2014 Series One Bonds. Interest on the 2014 Series One Bonds will accrue from the date of delivery of the 2014 Series One Bonds, or from the most recent interest payment date to which interest has been paid, and is payable on each March 1 and September 1, commencing September 1, 2014.

The Bank of New York Mellon Trust Company, N.A., of Seattle, Washington, as the Trustee and Paying Agent for the 2014 Series One 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 2014 SERIES ONE BONDS" and "APPENDIX G – DTC AND BOOK-ENTRY SYSTEM."

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

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

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

The 2014 Series One 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 2014 Series One 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 February 20, 2014.

\* - Preliminary, subject to change.

**\$70,140,000\***  
**Alaska Municipal Bond Bank**  
**General Obligation Bonds**  
**2014 Series One**

**2014A Series One**  
**(Tax-Exempt Bank Qualified)**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<b>Due March 1</b>	<b>Amounts</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>	<b>Due March 1</b>	<b>Amounts</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>
2015	\$	%	%		2028	\$	%	%	
2016					2029				
2017					2030				
2018					2031				
2019					2032				
2020					2033				
2021					2034				
2022					2035				
2023					2036				
2024					2037				
2025					2038				
2026					2039				
2027									

\$ \_\_\_\_\_ % Term Bond due March 1, 20\_\_ priced at \_\_\_%  
 CUSIP Number 01179P \_\_\_\_

**2014B Series One**  
**(Taxable)**

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIP NUMBERS**

<b>Due March 1</b>	<b>Amounts</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>	<b>Due March 1</b>	<b>Amounts</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>
2015	\$	%	%		2023	\$	%	%	
2016					2024				
2017					2025				
2018					2026				
2019					2027				
2020					2028				
2021					2029				
2022					2030				

\$ \_\_\_\_\_ % Term Bond due March 1, 20\_\_ priced at \_\_\_%  
 CUSIP Number 01179P \_\_\_\_

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

The information and expressions of opinion set forth in this Official Statement have been furnished by the Bond Bank and include information from other sources that the Bond Bank believes to be reliable. Neither this Official Statement nor any statement which may have been made orally is to be construed as a contract with the owners of any of the 2014 Series One 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 2014 SERIES ONE BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BOND BANK, WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE 2014 SERIES ONE 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 2014 Series One Bonds.....	
Authorization and Purpose .....	
Sources and Uses of Funds.....	
Description of the 2014 Series One Bonds.....	
General Description.....	
2014 Series One Bonds .....	
Optional Redemption.....	
Mandatory Redemption .....	
Notice of Redemption.....	
Selection of 2014 Series One Bonds for Redemption .....	
Security for the 2014 Series One 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 January 1, 2014 .....	
Remaining Debt Capacity After the Issuance of the 2014 Series One Bonds .....	
Debt Service Requirements of Outstanding 2005 General Bond Resolution General Obligation Bonds and the 2014 Series One 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 .....  
 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, 2013  
 APPENDIX F - 2005 General Obligation Bond Resolution  
 APPENDIX G - DTC and Book-Entry System

# **PRELIMINARY OFFICIAL STATEMENT**

**\$70,140,000\***

## **ALASKA MUNICIPAL BOND BANK GENERAL OBLIGATION BONDS 2014 SERIES ONE**

### **INTRODUCTION**

This Official Statement is furnished by the Alaska Municipal Bond Bank (the “Bond Bank”) to provide information regarding the Bond Bank in connection with the sale of its \$49,010,000\* principal amount of General Obligation Bonds, 2014A Series One (Tax-Exempt Governmental Purpose) (the “2014A Series One Bonds”) and \$21,130,000\* principal amount of General Obligation Bonds, 2014B Series (Taxable) (the “2014B Series One Bonds”), and together with the 2014A Series One Bonds, the “2014 Series One Bonds”). The Bond Bank was created pursuant to Alaska Statutes 44.85.005 – 44.85.420, as amended (the “Act”), for the primary purpose of lending money to Governmental Units in the State of Alaska (the “State”) including the purchase of Municipal Bonds issued by such Governmental Units. Certain capitalized terms used in this Official Statement, and not otherwise defined herein, are defined under “DEFINITIONS.”

All references herein to agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2014 Series One 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. 2014-01 adopted by the Board of Directors of the Bond Bank on January 9, 2014 (the “Series Resolution,” and together with the 2005 General Bond Resolution, the “Bond Resolution”). All bonds which are issued under and pursuant to the terms of the 2005 General Bond Resolution are hereafter referred to as the “Bonds.” Any statements or information which include matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

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

### **PURPOSE OF THE 2014 SERIES ONE BONDS**

#### **Authorization and Purpose**

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

#### **The 2014 Series One Bonds**

The 2014 Series One Bond proceeds are being used for the following purposes: (i) to make four loans to Governmental Units; and (ii) to pay a portion of the costs of issuance of the 2014 Series One Bonds. A portion of the proceeds of the 2014 Series One Bonds will be loaned: (a) to the City and Borough of Juneau to fund improvements to the City and Borough’s cruise ship dock; (b) to the City of King Cove to fund improvements to the City’s hydroelectric system and to pay off a prior loan from the United States Department of Agriculture; (c) to the Kodiak Island Borough the continuation of a multi-year Kodiak High School renovation and expansion project; and (d) to the Kenai Peninsula Borough for construction of a Specialty Clinics Building adjacent to the Central Peninsula General Hospital.

\* - Preliminary, subject to change.



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

Sources of Funds:

Par Amount of 2014 Series One Bonds	\$
Net Original Issue Premium	
Alaska Municipal Bond Bank Contribution	<u>                    </u> .
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 Kodiak Island Borough	
Deposit to the Bond Bank Reserve Fund	
Costs of Issuance <sup>1</sup>	
Underwriters' Discount	<u>                    </u> .
Total Uses of Funds	\$

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

# DESCRIPTION OF THE 2014 SERIES ONE BONDS

## General Description

The 2014 Series One Bonds are issuable only as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as securities depository for the 2014 Series One Bonds. Principal of and interest on the 2014 Series One 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.”

## 2014 Series One Bonds

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

## Optional Redemption

The 2014 Series One Bonds maturing on or after March 1, 2025 are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after March 1, 2024 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 2014 Series One Bonds.

## Mandatory Redemption

The 2014 Series One Bonds maturing on March 1, 20\_\_, are subject to mandatory sinking fund redemption on March 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.

<b>Date</b>	<b><u>Principal Amount</u></b>
March 1, 20__	
March 1, 20__*	

\* Maturity

## Notice of Redemption

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

## **Selection of 2014 Series One Bonds for Redemption**

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

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## SECURITY FOR THE 2014 SERIES ONE BONDS

### General

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

As of January 1, 2014, not taking into account the issuance of the 2014 Series One Bonds, the Bond Bank has outstanding \$58,580,000 of general obligation bonds issued under its 1976 General Bond Resolution, \$768,820,000 of Bonds issued under its 2005 General Bond Resolution and \$4,435,000 of general obligation bonds issued under its 2010 Municipal Obligation Bond Resolution.

As additional security for payment of principal of and interest on the 2014 Series One Bonds and other Bonds issued under the 2005 General Bond Resolution, the Bond Bank has established a common Reserve Fund. See “SECURITY FOR THE 2014 SERIES ONE 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 December 31, 2013, the Reserve Fund value was approximately \$\_\_\_ million (unaudited), an amount sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately 61% 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 December 31, 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.

# THE ALASKA MUNICIPAL BOND BANK

## Organization

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

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

## Board of Directors

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

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

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

*Gregory 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 first delegate for Angela Rodell, Commissioner of the Department of Revenue. 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 January 1, 2014, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2014 Series One Bonds, was \$846,902,527.

## **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 January 1, 2014, the Bond Bank has issued \$721,985,000 of general obligation bonds under the 1976 General Bond Resolution, \$58,580,000 of which remain outstanding.

### **2005 General Bond Resolution**

The 2014 Series One Bonds are the twenty-seventh issue of Bonds under the 2005 General Bond Resolution. As of January 1, 2014, the Bond Bank has issued \$864,305,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2014 Series One Bonds), \$768,820,000 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 January 1, 2014, the Bond Bank has issued \$4,765,000 of general obligation bonds under the 2010 Resolution, \$4,435,000 of which remains outstanding.

### **Revenue Bond Resolutions**

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

### **Coastal Energy Impact Program**

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

The Bond Bank issued CEIP bonds, the proceeds of which were used to purchase bonds issued by the Kenai Peninsula Borough, the City of Seward, the City of Nome and the City of St. Paul. The total amount of CEIP bonds outstanding as of December 31, 2013, under the Coastal Energy Impact Loan Program was \$\_\_\_\_\_, 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 January 1, 2014, the Bond Bank holds \$1,728,287 of City of Galena Utility Revenue Bonds and \$187,934 of City of Galena appropriation obligations in its financial portfolio.

## **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 JANUARY 1, 2014**

		<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I.	Total 2005 General Bond Resolution G.O. Bonds <sup>(1)</sup>	\$934,445,000 <sup>(1)</sup>	\$838,960,000 <sup>(1)</sup>
II.	Total 1976 General Bond Resolution G.O. Bonds	721,985,000	58,580,000
III.	Total 2010 Resolution G.O. Bonds	4,765,000	4,435,000
IV.	Revenue Bonds		
	2004B Resolution		
	<u>Municipal Borrower</u> Municipality of Anchorage	5,365,000	4,385,000
V.	Coastal Energy Impact Loan Program	35,456,046	10,682,527

**REMAINING DEBT CAPACITY AFTER THE ISSUANCE OF THE 2014 SERIES ONE BONDS**

Debt Limit (Section 44.85.180 of the Act)		\$1,000,000,000 <sup>(3)</sup>
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	\$58,580,000	
2010 Resolution	4,435,000	
2005 General Bond Resolution	838,960,000 <sup>(1)</sup>	\$901,975,000 <sup>(1)</sup>
Revenue Bonds		4,385,000
Coastal Energy Loan Program		<u>10,682,527</u>
Total Outstanding Debt		\$917,042,527 <sup>(1)</sup>
Remaining Debt Capacity		<u>\$82,957,473<sup>(1)</sup></u>

(1) Includes the 2014 Series One Bonds. Preliminary, subject to change.

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

**DEBT SERVICE REQUIREMENTS OF  
OUTSTANDING 2005 GENERAL BOND RESOLUTION  
GENERAL OBLIGATION BONDS  
AND THE 2014 SERIES ONE BONDS<sup>(1)</sup>  
(Fiscal Years Ending June 30)**

Fiscal Year	Existing Debt Service	2014 Series One Principal	2014 Series One Interest	Total Debt Service
2014	\$63,478,784			\$
2015	76,228,819	\$	\$	
2016	76,999,074			
2017	75,023,273			
2018	76,658,888			
2019	72,685,919			
2020	68,688,253			
2021	65,563,805			
2022	62,452,551			
2023	64,352,165			
2024	57,753,614			
2025	48,036,873			
2026	43,409,984			
2027	41,659,303			
2028	42,480,937			
2029	37,721,095			
2030	32,307,321			
2031	31,329,312			
2032	26,424,148			
2033	25,920,203			
2034	18,030,297			
2035	13,032,960			
2036	13,044,481			
2037	8,697,702			
2038	8,417,360			
2039	6,802,853			
2040	5,427,750			
2041	5,428,250			
2042	5,429,750			
2043	5,431,500			
2044	5,433,250			
2045	5,429,500			
2046	5,429,750			
2047	5,428,500			
2048	2,155,000			
2049	2,152,500			
	\$1,204,945,724	\$	\$	\$

(1) Totals may not foot due to rounding. The 2014 Series One 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 2014 Series One Bonds and govern the rights and obligations of the Holders thereof.

## **LITIGATION**

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

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the Bond Bank of the 2014 Series One 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 City and Borough of Juneau by its bond counsel, K&L Gates LLP of Seattle, Washington, (ii) the Kenai Peninsula Borough by its bond counsel, Wohlforth, Brecht, Cartledge & Brooking of Anchorage, Alaska, and (iii) the City of King Cove and Kodiak Island Borough by their 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, \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_. 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.

\_\_\_\_\_ has secured the consent of the Underwriters and the \_\_\_\_\_ regarding the multiple representations of clients in this transaction.

## **UNDERWRITING**

The 2014A Series One Bonds are to be purchased by \_\_\_\_\_ and \_\_\_\_\_ (the "Underwriters") from the Bond Bank at an aggregate purchase price of \$ \_\_\_\_\_ (equal to the aggregate principal amount of the 2014A Series One 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 2014A Series One 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 2014B Series One Bonds are to be purchased by \_\_\_\_\_ and \_\_\_\_\_ (the “Underwriters”) from the Bond Bank at an aggregate purchase price of \$ \_\_\_\_\_ (equal to the aggregate principal amount of the 2014B Series One 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 2014B Series One 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 2014 Series One Bonds. The Underwriters may offer and sell the 2014 Series One 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 2014 Series One 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 of BDO USA, LLP.

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

## **TAX MATTERS**

### **2014A Tax-Exempt Bonds**

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

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

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

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

Although Bond Counsel has rendered an opinion that interest on the 2014 Series One Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, such 2014 Series One Bonds may otherwise affect a 2014 Series One Bond Owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the 2014 Series One Bond Owner's particular tax status and the 2014 Series One Bond Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Series One Bonds. Owners of the 2014 Series One Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2014 Series One Bonds, which may include original issue discount, original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Backup Withholding. Interest on tax-exempt obligations such as the 2014 Series One Bonds is in many cases subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the 2014 Series One 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 2014A Series One Bonds maturing \_\_\_\_\_ 1, 20\_\_\_\_, (the "Discount Bonds") are being sold at an original issue discount. The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity, constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2014 Series One Bonds.

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date

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

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

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

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

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



future audit of the 2014 Series One Bonds could adversely affect the value and liquidity of the 2014 Series One Bonds during the pendency of the audit, regardless of its ultimate outcome.

## **2014B Taxable Bonds**

This advice was written to support the promotion or marketing of the 2014B Taxable Bonds and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayer's particular circumstances from an independent tax advisor. This disclosure is provided to comply with Treasury Circular 230.

### *In General*

Interest on the 2014B Taxable Bonds is not excludable from gross income for federal income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2014B Taxable Bonds under the Code and the Income Tax Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the 2014B Taxable Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the 2014B Taxable Bonds.

In general, interest paid on the 2014B Taxable Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the 2014B Taxable Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

### *Premium*

An investor that acquires a 2014B Taxable Bond for a cost greater than its remaining stated redemption price at maturity and holds the 2014B Taxable Bond as a capital asset will be considered to have purchased the 2014B Taxable Bond at a premium and, under Section 171 of the Code, must generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Income Tax Regulations have been issued dealing with certain aspects of federal income tax treatment of premium, but such regulations do not fully address the method to be used to amortize premium on obligations such as the 2014B Taxable Bonds. Therefore, investors should consult their tax advisors regarding the tax consequences of amortizing premium.

### *Market Discount*

An investor that acquires a 2014B Taxable Bond for a price less than the adjusted issue price of such 2014B Taxable Bond (or an investor who purchases a 2014B Taxable Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Income Tax Regulations, "market discount" means (a) in the case of a 2014B Taxable Bond originally issued at a discount, the amount by which the issue price of such 2014B Taxable Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated

interest, and (b) in the case of a 2014B Taxable Bond not originally issued at a discount, the amount by which the stated redemption price of such 2014B Taxable Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2014B Taxable Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a 2014B Taxable Bond as ordinary income to the extent of any remaining accrued market discount (as described at “Sale or Other Dispositions” under this caption) or (ii) to elect to include such market discount and income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a 2014B Taxable Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2014B Taxable Bond who acquired a 2014B Taxable Bond at a market discount also may be required to defer, until the maturity date of such 2014B Taxable Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a 2014B Taxable Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such 2014B Taxable Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2014B Taxable Bond for the days during the taxable year on which the owner held the 2014B Taxable Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2014B Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

#### *Sales or Other Dispositions*

If a 2014B Taxable Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss may be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the 2014B Taxable Bond. If the Bond Bank defeases any 2014B Taxable Bond, such 2014B Taxable Bond may be deemed to be retired and “reissued” for federal income tax purposes as a result of the defeasance. In such event, the Owner of a 2014B Taxable Bond would recognize a gain or a loss at the time of the defeasance. The adjusted basis of a 2014B Taxable Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the 2014B Taxable Bond and reduced by any amortized premium under Section 171 of the Code and by the payments on the 2014B Taxable Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss if the 2014B Taxable Bond to which it is attributable is held as a “capital asset.” Currently, for corporations, capital gains are taxed at the same rate as ordinary income. However, for individuals and certain estates and trusts, the maximum capital gain rate applicable to the sale or exchange of capital assets

held for more than one year is \_\_%. The tax rate for individual holders in the \_\_% or \_\_% regular income tax brackets is zero in 20\_\_ through 20\_\_. The tax rates apply for both regular tax and alternative minimum tax and terminate on December 31, 20\_\_. Beginning in 20\_\_, the \_\_% capital gains rate increases to \_\_% and the \_\_% rate increases to \_\_%.

Gain on the sale or other disposition of a 2014B Taxable Bond that was acquired at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the 2014B Taxable Bond was held by the transferor (after reduction by any market discount includable in income by such transferor in accordance with the rules described under “Market Discount”).

#### *Backup Withholding*

Payments of principal and interest (including original issue discount) on the 2014B Taxable Bonds, as well as payments of proceeds from the sale of the 2014B Taxable Bonds may be subject to the “backup withholding tax” under Section 3406 of the Code at a rate of 28% for tax years through 2010 and a to-be-determined rate for tax years 2011 and thereafter with respect to interest or original issue discount on the 2014B Taxable Bonds if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the Trustee certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient.

#### *Foreign Investors*

An owner of a 2014B Taxable Bond that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2014B Taxable Bond will generally not be subject to United States income or withholding tax in respect of a payment on a, provided that the owner of the 2014B Taxable Bond complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on 2014B Taxable Bonds owned by foreign investors. In those instances in which payments of interest on the 2014B Taxable Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2014B Taxable Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2014B Taxable Bond.

## **RATINGS**

Moody’s Investors Service Inc. (“Moody’s”) and Fitch Ratings (“Fitch”) have assigned “\_\_” and “\_\_” ratings, respectively, to the 2014 Series One 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 2014 Series One Bonds.**

## **CONTINUING DISCLOSURE UNDERTAKING**

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

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

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

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

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

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

changed as required by State law, commencing with the Bond Bank's fiscal year ending June 30, 2014.

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

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

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

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

*Remedy for Failure to Comply with Undertaking.* No failure by the Bond Bank and/or the Obligated Persons identified in Appendix D hereto to comply with any provisions of their respective undertakings will constitute a default in respect of the 2014 Series One 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 previously entered into continuing disclosure undertakings under the Rule in connection with its Bonds. The Bond Bank subsequently discovered that it did not file event notices in connection with certain rating downgrades of insurers of its existing Bonds. Additionally, the Bond Bank discovered that it did not file an event notice for an underlying ratings upgrade from Moody's in November 2010 in relation to two series of outstanding Bonds. All such notices were subsequently filed.

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

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

The Obligated Persons have reported that they are in compliance with their prior undertakings under the Rule.

## **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 (17.64%), the City and Borough of Juneau (14.05%), and the Kenai Peninsula Borough (12.32%). 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 2014 Series One 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**

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

\* Communities that are located in a borough which operates the public schools in the community and receives that related Education Support Funding.

(1) Matching grants are appropriated by the Alaska State Legislature and can vary significantly from year to year.

(2) Includes annual debt service on general obligation and revenue-backed loans issued through AMBB.

(3) Borrowers to this issue.

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 JANUARY 1, 2014**  
**(Does Not Include 2014 Series One Bonds)**

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	135,595,000	17.64%
City and Borough of Juneau	108,020,000	14.05%
Kenai Peninsula Borough	94,690,000	12.32%
Kodiak Island Borough	68,710,000	8.94%
City of Ketchikan	63,235,000	8.22%
Ketchikan Gateway Borough	41,760,000	5.43%
City of Seward	40,425,000	5.26%
City of Unalaska	35,190,000	4.58%
Northwest Arctic Borough	30,505,000	3.97%
Aleutians East Borough	27,360,000	3.56%
Lake & Peninsula Borough	18,225,000	2.37%
City of Cordova	15,020,000	1.95%
City of Kodiak	13,695,000	1.78%
City of Dillingham	12,505,000	1.63%
City of Petersburg	9,265,000	1.21%
City of Nome	5,595,000	0.73%
Municipality of Skagway	5,460,000	0.71%
City of King Cove	1,100,000	0.14%
City of Homer	3,735,000	0.49%
City of Bethel	2,940,000	0.38%
City of Valdez	2,725,000	0.35%
City of Sand Point	2,615,000	0.34%
City of Soldotna	2,225,000	0.29%
City of Wasilla	1,880,000	0.24%
City of Kenai	1,775,000	0.23%
City of Hoonah	1,190,000	0.15%
Haines Borough	1,180,000	0.15%
City of Palmer	860,000	0.11%
City of North Pole	820,000	0.11%
City and Borough of Wrangell	390,000	0.05%
Reserve Obligations	20,130,000	2.62%
<b>Total Outstanding Par</b>	<b>\$768,820,000</b>	<b>100.00%</b>



**DEBT SERVICE OF OUTSTANDING GENERAL OBLIGATION LOANS TO GOVERNMENTAL UNIT BORROWERS OF THE ALASKA MUNICIPAL BOND BANK UNDER THE 2005 GENERAL BOND RESOLUTION**

**FISCAL YEARS 2014-2023**

**(Includes 2014 Series One Bonds; Preliminary, subject to change)**

**[TO BE UPDATED]**

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

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

Table Continues on Following Page.

Borrower	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Northwest Arctic Borough - 2010 Refunding	970,750	969,350	967,200							
City and Borough of Juneau - 2010 Two Loans	1,143,819	1,141,794	1,139,319	1,139,029	1,129,772	1,117,534	1,107,744	2,472,665	1,820,539	1,779,639
City of Cordova 2010 Two Loan	46,955	45,905	49,780	48,430	46,859	45,138	48,188	46,070		
City of King Cove 2010 Two Loan	42,712	42,112	41,512	45,743	44,762	43,686	42,540	41,363	40,155	38,847
Aleutians East Borough - 2010 Loan	399,778	399,003	397,078	398,878	395,378	396,578	397,966	392,943	390,877	383,441
City of King Cove 2010 Three Loan	61,842	60,942	59,892	58,692	62,392	60,992	59,680	58,205	61,359	59,389
City of Unalaska 2010 Three Loan	435,192	438,892	436,267	437,267	437,867	438,067	433,605	432,617	429,319	420,652
Kenai Peninsula Borough 2010 Four Loan	1,487,777	1,477,241	1,468,022	1,459,887	1,442,725	1,431,305	1,411,775	1,395,269	1,376,201	1,358,946
City of Ketchikan 2010 Four Loan	632,888	631,272	628,044	623,153	616,549	608,190	603,500	597,854	586,163	578,214
Ketchikan Gateway Borough 2010 Four Loan	339,087	334,573	333,976	332,198	324,287	320,209	315,233	314,574	308,091	300,753
City and Borough of Sitka 2010 Four Loan	4,069,032	4,082,982	4,064,732	4,064,932	4,075,151	4,062,570	4,047,570	4,058,570	4,050,648	4,038,926
City of Soldotna 2010 Four Loan	219,162	216,905	219,070	215,646	216,594	211,905	211,752	206,311	205,509	199,279
City and Borough of Wrangell 2011 One Loan	26,275	25,675	25,075	24,475	28,875	28,000	27,000	26,000		
Kodiak Island Borough 2011 One Loan	624,850	626,000	621,850	622,550	622,950	621,400	622,800	623,600	623,800	625,513
City and Borough of Juneau 2011 Two Loan	660,231	659,631	658,831	657,831	658,831	657,300	659,600	655,200		
City and Borough of Sitka 2011 Two Loan	411,709	412,209	407,609	408,009	412,134	410,090	407,590	407,390	411,790	407,690
Aleutians East Borough 2011 Three Refunding	298,000	569,125	833,750	976,625	229,375	229,875	226,000	231,625	230,625	
Kenai Peninsula Borough 2011 Three Refunding	1,169,000	1,656,275	1,647,050	1,640,450	1,630,075	1,621,825	1,617,850	967,375	958,750	953,250
Ketchikan Gateway Borough 2011 Three Refunding	618,600	620,325	621,250	616,300	618,175	616,825	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	0	914,231	911,700	914,525	913,375	911,625	915,300	914,100	911,700	913,000
Kenai Peninsula Borough	0	1,698,935	1,701,550	1,702,125	1,698,275	1,698,750	1,699,100	1,699,000	1,702,400	1,699,300
City of King Cove 2013 Three	0	49,830	41,050	41,050	41,050	41,050	41,050	70,450	69,250	68,050
Lake and Peninsula Borough 2013 Three	0	1,478,931	1,479,800	1,477,950	1,482,175	1,480,725	1,479,850	1,479,250	1,477,450	1,479,350
City and Borough of Sitka 2013 Three	0	1,637,233	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750	1,348,750
Total Loan Obligation DS	\$62,000,359	\$74,425,247	\$74,482,249	\$74,092,236	\$71,433,463	\$71,379,881	\$67,537,066	\$64,911,623	\$61,949,851	\$61,599,240

## APPENDIX D

Summaries of Borrowers Representing  
10% or More of Outstanding Principal of Bonds  
Issued Under the 2005 General Bond Resolution  
[TO BE UPDATED]

Kenai Peninsula Borough - General Fund General Obligation Financial Summary							
Municipal Financial Position		2008	2009	2010	2011	2012	Average
<b>Property Tax Collections</b>							
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%
<b>General Fund</b>							
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%
<b>Overall Municipal Debt Position</b>							
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	
<b>General Economic and Demographic Data</b>							
		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**

<b>Municipal Financial Position</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average</b>
<b>Property Tax Collections</b>							
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%
<b>General Fund</b>							
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%
<b>Overall Municipal Debt Position</b>							
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	
<b>General Economic and Demographic Data</b>							
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Annual Growth Rate</b>
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**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Assets</b>						
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>
<b>Total Assets</b>	<b>89,035,672</b>	<b>88,599,987</b>	<b>88,950,664</b>	<b>90,743,759</b>	<b>110,951,889</b>	<b>122,174,527</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
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>
<b>Total Liabilities</b>	<b>43,760,745</b>	<b>41,645,104</b>	<b>39,158,653</b>	<b>36,966,175</b>	<b>60,694,469</b>	<b>56,871,133</b>
<b>Net Assets</b>	<b>45,274,927</b>	<b>46,954,883</b>	<b>49,792,011</b>	<b>53,777,584</b>	<b>50,257,420</b>	<b>65,303,394</b>
<b>Operating Revenues</b>	<b>10,716,798</b>	<b>10,939,726</b>	<b>11,846,117</b>	<b>10,852,914</b>	<b>11,401,523</b>	<b>11,611,319</b>
<b>Operating Expenses</b>						
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>
<b>Operating Income</b>	<b>3,564,688</b>	<b>2,970,892</b>	<b>3,427,148</b>	<b>2,792,885</b>	<b>2,416,925</b>	<b>1,720,917</b>
<b>Nonoperating revenue (expense)</b>						
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>
<b>Net Income before contributions and transfers</b>	<b>1,666,035</b>	<b>1,685,758</b>	<b>1,952,201</b>	<b>1,155,719</b>	<b>1,182,713</b>	<b>(42,867)</b>
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	<u>-</u>	<u>(5,802)</u>	<u>-</u>	<u>(23,898)</u>	<u>-</u>	<u>-</u>
<b>Change In Net Assets</b>	<b><u>2,966,949</u></b>	<b><u>1,679,956</u></b>	<b><u>2,837,128</u></b>	<b><u>3,985,573</u></b>	<b><u>5,341,774</u></b>	<b><u>5,362,989</u></b>
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**

<b>Municipal Financial Position</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Average</b>
<b>Property Tax Collections</b>						
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%
<b>General Fund</b>						
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%
<b>Overall Municipal Debt Position</b>						
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	
<b>General Economic and Demographic Data</b>						
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
<b>ASSETS</b>					
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
<b>Total Assets</b>	<b>52,414,747</b>	<b>55,331,342</b>	<b>54,783,771</b>	<b>59,912,595</b>	<b>63,049,001</b>
<b>LIABILITIES AND NET ASSETS</b>					
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
<b>Total Liabilities</b>	<b>13,396,716</b>	<b>12,800,015</b>	<b>11,686,240</b>	<b>11,810,290</b>	<b>11,832,504</b>
<b>NET ASSETS</b>	<b>39,018,031</b>	<b>42,531,327</b>	<b>43,097,531</b>	<b>48,102,305</b>	<b>51,216,497</b>
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
<b>Operating Income (Loss)</b>	<b>(917,426)</b>	<b>(814,983)</b>	<b>107,199</b>	<b>(537,208)</b>	<b>(266,063)</b>
Non-Operating Revenue (Expense)	431,688	422,169	(183,181)	46,509	155,306
<b>Net Income (Loss) Before Contribution</b>	<b>(485,738)</b>	<b>(392,814)</b>	<b>(75,982)</b>	<b>(490,699)</b>	<b>(110,757)</b>
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			
<b>Change in Net Assets</b>	<b>1,608,467</b>	<b>3,513,296</b>	<b>566,204</b>	<b>5,004,774</b>	<b>3,114,192</b>
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)

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	Audited	Audited	Audited	Audited	Audited	Audited
<b>ASSETS</b>						
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
<b>Total Assets</b>	<b>12,238,324</b>	<b>11,490,881</b>	<b>10,923,491</b>	<b>9,978,298</b>	<b>9,598,352</b>	<b>9,988,723</b>
<b>LIABILITIES AND NET ASSETS</b>						
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
<b>Total Liabilities</b>	<b>16,098,560</b>	<b>15,773,777</b>	<b>15,122,825</b>	<b>14,528,190</b>	<b>13,954,428</b>	<b>13,757,665</b>
<b>NET ASSETS (DEFICIT)</b>	<b>(3,860,236)</b>	<b>(4,282,896)</b>	<b>(4,199,334)</b>	<b>(4,549,892)</b>	<b>(4,356,076)</b>	<b>(3,768,942)</b>
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
<b>Operating Income (Loss)</b>	<b>(383,715)</b>	<b>(454,234)</b>	<b>36,097</b>	<b>(378,482)</b>	<b>132,263</b>	<b>466,245</b>
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
<b>Revenue Bond Coverage</b>	<b>1.29</b>	<b>1.10</b>	<b>1.27</b>	<b>1.01</b>	<b>1.33</b>	<b>1.32</b>

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

	2008 Audited	2009 Audited	2010 Audited	2011 Audited	2012 Audited
<b>ASSETS</b>					
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
<b>Total Assets</b>	<b>113,536,807</b>	<b>119,008,968</b>	<b>125,004,464</b>	<b>127,800,876</b>	<b>128,166,331</b>
<b>LIABILITIES AND NET ASSETS</b>					
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
<b>Total Liabilities</b>	<b>39,003,161</b>	<b>37,224,387</b>	<b>37,231,147</b>	<b>36,961,053</b>	<b>33,926,662</b>
<b>NET ASSETS</b>	<b>74,533,646</b>	<b>81,784,581</b>	<b>87,773,317</b>	<b>90,839,823</b>	<b>94,239,669</b>
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
<b>Operating Income (Loss)</b>	<b>2,240,321</b>	<b>4,027,364</b>	<b>3,394,484</b>	<b>245,270</b>	<b>(1,530,830)</b>
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			
<b>Change in Net Assets</b>	<b>4,801,882</b>	<b>7,250,935</b>	<b>5,988,736</b>	<b>3,066,506</b>	<b>3,399,846</b>
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, 2013

**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 2014 Series One Bonds. The 2014 Series One Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2014 Series One 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](http://www.dtcc.com).

3. Purchases of 2014 Series One Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Series One Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 Series One Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Series One Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2014 Series One Bonds, except in the event that use of the book-entry system for the 2014 Series One Bonds is discontinued.

4. To facilitate subsequent transfers, all 2014 Series One Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Series One Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Series One Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Series One Bonds are credited,

which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2014 Series One Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Series One Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2014 Series One Bond documents. For example, Beneficial Owners of 2014 Series One Bonds may wish to ascertain that the nominee holding the 2014 Series One Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2014 Series One Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2014 Series One Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2014 Series One Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the 2014 Series One Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Bank or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the 2014 Series One Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2014 Series One Bond certificates are required to be printed and delivered.

10. The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Series One Bond certificates will be printed and delivered to DTC.



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

**Alaska Municipal Bond Bank**  
**General Obligation (2005 Resolution), 2014 Series One**  
**Financing Schedule**

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

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

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

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

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

Wed-Nov-27-13	Distribute draft financing schedule	WG
<b>Wed-Dec-4-13</b>	<b>Working Group call to discuss schedule and structure (10am AST)</b>	<b>FA, BC</b>
Fri-Dec-20-13	Distribute first draft POS, Bond Resolution	FA, BC
Fri-Dec-27-13	Comments on 1st draft of POS, Bond Resolution	WG
Fri-Jan-3-14	Distribute POS, Bond Resolution, Loan Summaries to rating agencies	FA, BC
Fri-Jan-3-14	Distribute 2nd draft of POS to WG, Bond Resolution	FA, BC
Fri-Jan-3-14	Loan Summaries, Bond Resolution and draft POS to AMBB for Board Distribution	FA, BC
Wed-Jan-8-14	Comments on 2nd draft of POS, Bond Resolution	WG
<b>Thu-Jan-9-14</b>	<b>AMBB Board Meeting to approve Resolution, review loans</b>	<b>WG</b>
Fri-Jan-10-14	Distribute 3rd draft of POS to WG	FA
Tue-Jan-14-14	Comments due on 3rd draft of POS	WG
<b>Thu-Jan-16-14</b>	<b>Rating Agency Presentations</b>	<b>WG</b>
Wed-Jan-22-14	Receive ratings	FA
Thu-Jan-23-14	Post POS to internet	<b>WG</b>
<b>Thu-Feb-6-14</b>	<b>Pricing</b>	<b>AMBB, FA</b>
Fri-Feb-7-14	Distribute draft Final OS	FA
Fri-Feb-7-14	Comments due on Final OS, deliver Final OS to printer	FA
Fri-Feb-7-14	Transcript preparation begins	<b>BC</b>
Thu-Feb-13-14	Closing documents distributed to WG	<b>BC</b>
<b>Wed-Feb-19-14</b>	<b>PRE-CLOSING IN SEATTLE</b>	<b>WG</b>
<b>Thu-Feb-20-14</b>	<b>CLOSING IN SEATTLE</b>	<b>WG</b>

**Alaska Municipal Bond Bank**  
**General Obligation Bonds**  
**2014 Series One**  
**Distribution List**

**Alaska Municipal Bond Bank**

Deven Mitchell, Executive Director (10)  
Alaska Municipal Bond Bank  
333 Willoughby Avenue  
Juneau, AK 99811-0405  
Phone: (907) 465-3409  
Fax: (907) 465-2902  
[E-Mail: deven\\_mitchell@revenue.state.ak.us](mailto:deven_mitchell@revenue.state.ak.us)

Ryan Williams, Operational Research Analyst I  
Phone: (907) 465-2893  
[E-Mail: ryan.williams@alaska.gov](mailto:ryan.williams@alaska.gov)

**AMBBA Financial Advisor**

Chip Pierce (2)  
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3300 NW 185th Avenue, #270  
Portland, OR 97229  
Phone: (503) 719-6113  
Mobile: (503) 307-4666  
[E-Mail: pierce@westernfinancialgroup.com](mailto:pierce@westernfinancialgroup.com)

**City and Borough of Juneau**

Bob Bartholomew, Finance Director (2)  
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**Alaska Municipal Bond Bank  
General Obligation Bonds  
2014 Series One  
Distribution List**

**Senior Managing Underwriter**  
TBD

**Co-Managing Underwriter**  
TBD

**Underwriters' Counsel**  
TBD

**Kenai Peninsula Borough Bond Counsel**

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**WESTERN  
FINANCIAL  
GROUP**

**\$72,045,000 General Obligation Bonds, 2013 Series Three**

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

November 15, 2013

Dear Deven:

With the sale of the Alaska Municipal Bond Bank's General Obligation Bonds, 2013 Series Three on October 31, 2013 I have prepared this sale results summary.

The bonds were sold by negotiated sale to RBC Capital Markets (senior manager) and KeyBanc Capital Markets (co-manager). The 2013 Series Three Bonds were sold with a true interest cost of 4.12%. This TIC is higher than recent Bond Bank sales, reflecting both a longer average life of the bonds and a significant increase in rates from early May through early September. The longer average life reflects the desired 35 year term of the Municipality of Sitka and the 20 year term for both Kenai Peninsula Borough and the City and Borough of Juneau. RBC purchased the 2013 Three Bonds with an underwriter discount of approximately \$3.19/\$1,000. For comparison, the table below summarizes the true interest cost, average life and underwriter costs of recent Bond Bank issues.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)
2013 Three	4.1274%	16.753	\$ 3.19
2013 Two	3.4048	11.843	3.20
2013 One	3.6056	17.671	3.15
2012 Three	1.7607	6.387	4.50
2012 Two	2.1554	7.149	4.50
2012 One	1.5210	4.928	3.50
2011 Three	2.5669	7.855	4.01
2011 Two	3.2693	8.277	10.92
2011 One	4.5663	11.373	5.03
2010A Four	3.0896	6.870	4.67
2010A Three	2.0137	5.251	5.07
2010A Two	1.9283	3.416	5.14
2010A One	2.7134	4.648	4.11
2009A Four	2.3877	3.828	5.22

The table below presents the AMBB and MMD scales for sample maturities of the 2013 Series Three Bonds with a comparison to the yield spreads to the MMD for the 2011 Three Series through the 2013 Series Two Bonds. The yields have been adjusted to reflect the “yield kick” associated with callable premium bonds.

Year	MMD (10/31/13)	AMBB (2013 III Bonds)	Difference (2013 II Bonds)	Difference (2013 II Bonds)	Difference (2013 I Bonds)	Difference (2012 III Bonds)	Difference (2012 II Bonds)	Difference (2012 I Bonds)	Difference (2011 III Bonds)
2014	0.18	0.21	.03	.13	-.02	.11	.31	.29	.32
2016	0.51	0.60	.09	.15	.13	.20	.45	.35	.40
2018	1.06	1.16	.10	.25	.25	.23	.47	.46	.44
2021	2.08	2.37	.29	.34	.38	.31	.50	.48	.54
2025	2.76	3.39	.63	.77	.61	.95	.585	.42	
2027	3.07	3.82	.75	.92	.81	.94			
2028	3.22	3.98	.76	.96	.84				

As the table demonstrates, the 2013 Three Bonds were sold at yields that compared favorably to the Bond Bank’s most recent issues. Inside of the 10 year call date, the 2013 Three Bonds traded at spreads tighter than any sales since the 2011 Three Bonds. Beyond the call date, and taking into account the impact of the “yield kick”, the 2013 Three Bonds traded at yield spreads comparable or through the Bond Bank’s most recent transactions.

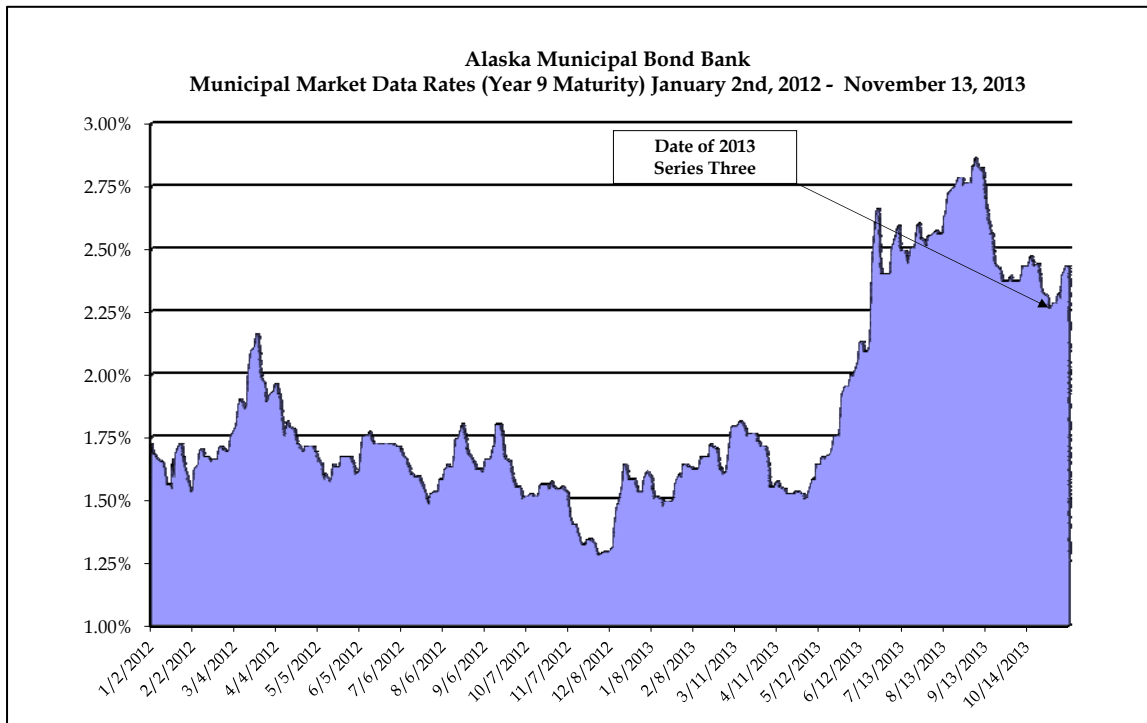
The graph on the following page presents the yield on the nine year maturity of a AAA rated bond according to Municipal Market Data. As the graph demonstrates, the past two years has been characterized by fluctuations in the yields of highly rated bonds, with rates reaching all-time lows in late November 2012.

Beginning in May 2013 tax-exempt rates began a dramatic upward trend, with rates rising by more than 125 basis points between May and September. The rate increases were a function of several factors, including a buoyant equity market, substantial outflows from municipal bond funds, and a general belief that the U.S. economy was improving at a faster pace than expected. Pressure on municipal rates was exacerbated by relatively high volume, as issuers attempted to enter the market in advance of even higher rates.

Additionally, Federal Reserve Chairman Ben Bernanke’s statement in June that the Federal Reserve intended to reduce bond purchases associated with its quantitative easing program caused a nearly 50 basis upward adjustment in rates in the week ending June 21<sup>st</sup>. Lastly, tax-exempt rates were also negatively impacted by the news of the potential bankruptcy by the City of Detroit. This stoked fears that municipal credits were under significant pressure from, among issues, unfunded pension and health benefit obligations. This led to a renewed round of outflows from municipal bond mutual funds.

Rates began to recover somewhat beginning in mid-September through the end of the month, falling approximately 50 basis points from the levels of early September on diminished concerns that the Fed planned to reduce its bond purchase program. The 2013 Three Bonds sold into a stable market, with a receptive tone marked by an approximate 20 basis point reduction in yields from mid-October to the October 31<sup>st</sup> date of the 2013 Three Bond sale.

Following the sale of the 2013 Three Bonds, tax-exempt rates increased approximately 15 to 20 basis points through mid-November.



On the morning of October 30<sup>th</sup> members of the working group, including representatives from the City and Borough of Juneau and the Municipality of Sitka, convened at the New York City offices of RBC to discuss the marketing of the 2013 Series Three Bonds. RBC provided a proposed scale with yields ranging from 0.23% in 2014 to 4.55% in 2048. These proposed yields resulted in spreads to the MMD AAA scale ranging from 5 basis points in the 2014 maturity to as wide as 54 basis points for the 2038 serial bond. After a review of the scale, consideration of the market tone and comparison with other transactions in the market, WFG proposed reducing the yields on the 2014 through 2020 serial bonds by from 1 to 5 basis points. RBC agreed to those adjustments prior to releasing the scale on the retail pricing wire. The retail sale was limited to the serial bonds maturing 2014 through 2024, 2030 and 2038.

Following the interest rate discussion, the retail scale was released on the morning of the 30<sup>th</sup>. At that point, members of the working group walked to the offices of Fitch Ratings and Moody's Investors Service. The primary purpose of the meetings with the rating agencies was to introduce representatives of two of the largest Bond Bank borrowers, Juneau and Sitka, to the rating analysts.

There was a solid investor response during the retail order period. The 2014 through 2022 bonds had subscription levels that ranged between 1.74 times and, in the case of the 2018 maturity, 9.1 times. The 2023 maturity had approximately one-fourth of its bonds subscribed for and the 2024 maturity had slightly more than one times orders. The 2030 bonds had approximately 60% of its bonds subscribed for, while the subscription rate for the 2038 bonds was approximately one-fifth.

In advance of the institutional order period, RBC made yield reductions in the 2014 through 2022 maturities that ranged from 2 basis points to 8 basis points. These adjustments reflected both the levels of subscription as well as general market improvements, as reflected in the Municipal Market Data index. For example, the yield on the 2018 maturity was reduced by 8 basis points as a result of a 3 basis point decline in the MMD index and a 5 basis point reduction reflecting the over-subscription for that maturity. In the case of the 2017 maturity, RBC recommended a 4 basis point reduction which was entirely a function of the 4 basis point MMD adjustment in that maturity. WFG suggested that, given the 4.6 times over-subscription for that maturity an additional reduction was justified. RBC agreed to a further 1 basis point reduction in that maturity. WFG estimates that the yield reductions that it recommended over the course of the financing resulted in borrower savings of approximately \$25 thousand.

During the institutional order period RBC offered the 2025 through 2029 serial bonds, the 2031 through 2033 serial bonds, the 2035 term bond, the 2036 serial bond, and the 2042 and 2048 term bonds. Following the institutional order period, RBC reported that subscription levels for the serial bonds ranged from .58 times (in 2030) to 3.4 times (in 2029). The 2042 term bonds were nearly subscribed for, but those orders were almost entirely stock orders from the underwriting syndicate. The 2048 term bonds had no orders. Based on the results of the institutional sales period, RBD recommended reducing yields in the 2028 and 2031 maturities by 1 basis point, the 2029 maturity by 2 basis points, and increasing yields on the 2030 maturity by 2.5 basis points, the 2042 term bond by 3 basis points and the 2048 term bond by 6 basis points. At those levels, RBC reported that it had an order of \$5 million for the 2048 maturity, but would underwrite the balance of approximately \$6.3 million. After discussion between Bond Bank staff and Western Financial Group the proposed adjustments were approved and the verbal award was given.

The proceeds of the 2013 Series Three Bonds sale were provided to four borrowers for new money purposes. The table below summarizes the estimated present value savings achieved by the participants to the 2013 Series Three sale.

<b>Borrower</b>	<b>Loan Par</b>	<b>Gross Savings</b>	<b>Present Value Savings</b>
City and Borough of Juneau	\$7,345,000	\$ 572,000	\$ 428,000
Kenai Peninsula Borough	20,860,000	1,486,000	903,000
Lake and Peninsula Borough	18,225,000	1,963,000	1,131,000
Municipality of Sitka	25,615,000	14,242,000	4,399,000

The bond sale closed on November 14<sup>th</sup> in Seattle. As always, it was a pleasure to serve the Bond Bank on this transaction. If you have any questions, please feel free to call me.

Sincerely,



Chip Pierce



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

**DATE:** January 3, 2014

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

Following are updates on items not covered in the January 9, 2014 Agenda:

*First quarterly compilation report* – With the shift to use of an external accounting firm for our accounting compilation we will now receive quarterly updated compilation reports. The first quarter of FY F2014's report is attached.

*October 24, 2013 transfer* – A copy of the letter requesting transfer of the \$520,589.73 excess balance of the 1976 reserve fund to the custodial account is attached.

*2013 Series Three* – The bonds closed on November 14, 2013 in Seattle. A copy of the letter transferring \$2,001,397.16 from the custody account to the 2005 Reserve Fund is attached.

In November 2013 I was asked to step in as President for the Alaska Government Finance Officers Association for 2014 due to the position being vacated and my status as an active past president. I accepted the roll and was formally placed in the office at the business meeting at the Fall Conference. Ryan Williams attended the conference with me in Anchorage and we met with many different municipalities.

December 1, 2013 – the \$13 million balance of 2003 Series B Revenue bonds of the Bond Bank were optionally redeemed by a lump sum payment from the City of Valdez. The repayment released the Bond Bank's reserve of approximately \$1.8 million and that amount was transferred back to the Custodial Account.

*Legislation* - The Alaska Municipal Bond Bank Authority requested an increase in its borrowing limit of \$250 million, to \$1.25 billion and an elimination of the auto sweep of any excess earnings to the general fund as outlined at the last meeting. I am hopeful that the Governor's office will introduce drafted legislation, but final approvals are not yet in place.

# ELGEE REHFELD MERTZ, LLC

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## Accountant's Compilation Report

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

We have compiled the accompanying financial statements of the governmental activities and each major fund of Alaska Municipal Bond Bank Authority (the Authority), a component unit of the State of Alaska, as of and for the quarter ended September 30, 2013, which collectively comprise the Authority's basic financial statements. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusion about the Authority's financial position and the results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

The Supplemental Schedule of Statutory Reserve Accounts – Assets, Liabilities and Account Reserves, on pages 5 and 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

We are not independent with respect to the Authority.

October 19, 2013

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

Statement of Net Position and  
Governmental Funds Balance Sheets

September 30, 2013

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,305,631	\$ 8,894,277	\$ 11,199,908	\$ -	\$ 11,199,908
Investments, at fair value	21,533,685	49,357,959	70,891,644	-	70,891,644
Accrued interest receivable:					
Bonds receivable	1,867	10,564,421	10,566,288	-	10,566,288
Investment securities	35,660	199,786	235,446	-	235,446
Bonds receivable	2,060,948	780,746,495	782,807,443	-	782,807,443
Interfund receivables	3,316,238	-	3,316,238	(3,316,238)	-
Total assets	<u>\$ 29,254,029</u>	<u>\$ 849,762,938</u>	<u>\$ 879,016,967</u>	<u>(3,316,238)</u>	<u>875,700,729</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 28,112	\$ -	\$ 28,112	-	28,112
Principle and interest payments received in advance	-	6,581,212	6,581,212	-	6,581,212
Accrued interest payable	-	-	-	10,792,315	10,792,315
Interfund payables	-	3,316,238	3,316,238	(3,316,238)	-
Long-term liabilities:					
Portion due or payable within one year:					
General obligation bonds payable	-	-	-	31,845,000	31,845,000
Revenue bonds payable	-	-	-	1,070,000	1,070,000
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>28,112</u>	<u>9,897,450</u>	<u>9,925,562</u>	<u>808,352,572</u>	<u>818,278,134</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund balances:					
Restricted	13,641,771	839,865,488	853,507,259	(853,507,259)	-
Unassigned	15,584,146	-	15,584,146	(15,584,146)	-
Total fund balances	<u>29,225,917</u>	<u>839,865,488</u>	<u>869,091,405</u>	<u>(869,091,405)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 29,254,029</u>	<u>\$ 849,762,938</u>	<u>\$ 879,016,967</u>		
Net position:					
Restricted				42,887,581	42,887,581
Unrestricted				14,535,014	14,535,014
Total net position				<u>\$ 57,422,595</u>	<u>\$ 57,422,595</u>

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 Quarter Ended September 30, 2013

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues:					
Investment earnings	\$ 98,426	\$ 187,788	\$ 286,214	\$ -	\$ 286,214
Interest income on bonds receivable	4,988	11,016,912	11,021,900	-	11,021,900
Total revenues	<u>103,414</u>	<u>11,204,700</u>	<u>11,308,114</u>	<u>-</u>	<u>11,308,114</u>
Expenditures / expenses:					
Debt service:					
Principal payments	-	11,260,000	11,260,000	(11,260,000)	-
Interest payments / expense	-	11,237,119	11,237,119	-	11,237,119
Professional services	45,390	-	45,390	-	45,390
Administrative travel	1,908	-	1,908	-	1,908
Total expenditures / expenses	<u>47,298</u>	<u>22,497,119</u>	<u>22,544,417</u>	<u>(11,260,000)</u>	<u>11,284,417</u>
Excess (deficiency) of revenues over expenditures / expenses	<u>56,116</u>	<u>(11,292,419)</u>	<u>(11,236,303)</u>	<u>11,260,000</u>	<u>23,697</u>
Other financing source / (uses):					
Transfers to/from Custodial Fund	625,700	(625,700)	-	-	-
Transfers - internal activities	10,200	(10,200)	-	-	-
Total other financing sources / (uses)	<u>635,900</u>	<u>(635,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance / net position	692,016	(11,928,319)	(11,236,303)	11,260,000	23,697
Fund balances / net position:					
Beginning 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>
End of the year	<u>\$ 29,225,917</u>	<u>\$ 839,865,488</u>	<u>\$ 869,091,405</u>	<u>\$ (811,668,810)</u>	<u>\$ 57,422,595</u>

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 Quarter Ended September 30, 2013

	1976 General "Ordinary"	1976 General "Special"	2005 Resolution	2002A Ketchikan Revenue
<b>Assets</b>				
Cash	\$ 37,745	\$ 25,015	\$ 207,992	\$ 2
Accrued interest receivable	11,582	25,677	160,469	-
Marketable securities	851,800	5,989,595	40,063,848	-
Interaccount receivables	-	-	2,559,653	-
	<u>\$ 901,127</u>	<u>\$ 6,040,287</u>	<u>\$ 42,991,962</u>	<u>\$ 2</u>
<b>Liabilities</b>				
Interaccount payables	\$ 1,865,641	\$ 2,061,815	\$ -	\$ -
Bond payable	-	-	20,130,000	-
Accrued interest payable	-	-	227,895	-
	<u>1,865,641</u>	<u>2,061,815</u>	<u>20,357,895</u>	<u>-</u>
<b>Reserves</b>				
Special Reserve - State Appropriated	-	815,871	19,170,320	-
Special Reserve - Unappropriated	-	3,231,566	3,510,320	2
Special Reserve - Unrealized gain (loss)	-	(68,965)	(46,573)	-
Ordinary Reserve - Unallocated	(967,452)	-	-	-
Ordinary Reserve - Unrealized gain (loss)	2,938	-	-	-
	<u>(964,514)</u>	<u>3,978,472</u>	<u>22,634,067</u>	<u>2</u>
	<u>\$ 901,127</u>	<u>\$ 6,040,287</u>	<u>\$ 42,991,962</u>	<u>\$ 2</u>

(continued)

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

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

For the Quarter Ended September 30, 2013

	2003B Valdez Revenue	2004B Anchorage Revenue	2010 Resolution	Total
Assets				
Cash	\$ 35,929	\$ 18,084	\$ 29,303	\$ 354,070
Accrued interest receivable	1,470	273	315	199,786
Marketable securities	1,751,941	325,360	375,415	49,357,959
Interaccount receivables	23,081	-	-	2,582,734
	<u>\$ 1,812,421</u>	<u>\$ 343,717</u>	<u>\$ 405,033</u>	<u>\$ 52,494,549</u>
Liabilities				
Interaccount payables	\$ -	\$ 1,195	\$ 11,330	\$ 3,939,981
Bond payable	-	-	-	20,130,000
Accrued interest payable	-	-	-	227,895
	<u>-</u>	<u>1,195</u>	<u>11,330</u>	<u>24,297,876</u>
Reserves				
Special Reserve - State Appropriated	-	-	393,084	20,379,275
Special Reserve - Unappropriated	1,780,063	341,931	2,653	8,866,535
Special Reserve - Unrealized gain (loss)	32,358	591	(2,034)	(84,623)
Ordinary Reserve - Unallocated	-	-	-	(967,452)
Ordinary Reserve - Unrealized gain (loss)	-	-	-	2,938
	<u>1,812,421</u>	<u>342,522</u>	<u>393,703</u>	<u>28,196,673</u>
	<u>\$ 1,812,421</u>	<u>\$ 343,717</u>	<u>\$ 405,033</u>	<u>\$ 52,494,549</u>

See accountant's report

October 24, 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 you indicated in the September 30, 2013 1976 Resolution Reserve Fund analysis the reserve is currently over funded by \$520,589.73. Please wire transfer this excess balance of the 1976 Reserve, to the Bond Bank's custodial bank, First National Bank Alaska on October 30, 2013. Please transfer the liquid balance of the 1976 GO Ordinary Reserve - 425860 of approximately \$370,000 and the balance of approximately \$150,600 from the 1976 GO Special Reserve – 425866.

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

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

ALASKA MUNICIPAL BOND BANK

By \_\_\_\_\_  
Name: Deven Mitchell  
Title: Executive Director





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

November 6, 2013

Ms. Jill Reitz, Trust Officer  
First National Bank Alaska  
PO Box 100720  
Anchorage, AK 99510-0720

Dear Ms. Reitz,

Please wire transfer \$2,001,397.16 from the Custodial Account to the Bank of New York on Wednesday November 13, 2013 to satisfy the increased 2005 reserve requirement due to the issuance of the 2013 Series Three bonds.

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

The Bank of New York Mellon

ABA #021000018

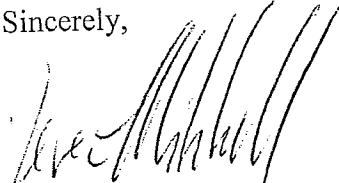
Account: GLA: 111-565

FBO: TAS#745965

REF: AMBB 2013 Three

Attn: Kathleen Gylland, Phone - 206-667-8903

Sincerely,



Deven Mitchell  
Executive Director

Cc: Kathleen Gylland  
Bert Wagon  
Chip Pierce  
Cindy Cartledge  
Pam Leary  
Scott Jones